FINANCIAL TIMES

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WORLD NEWS

French envoy kidnapped in Beirut

Gunmen kidnapped French vice-consul Marcel Fontaine in mainly Moslem West Beirut, and another French diplomat and his daughter were reported missing. A telephone caller claimed all three had been seized by the Islamic Jihad group.

The caller attacked French relations with moderate Arab states and said release of the three depended on cancellation of a deal for the sale of French warplanes to Saudi Arabia. Earlier story, Page 2

King warns on wages

Employment Secretary Tom King told a Conservative central council meeting that the Budget's impact on creating jobs and cutting unemployment could be lost unless unions moderated their wage demands. Back Page; Zero inflation still aim, Page 4

London assembly urged

Ten Conservative MPs, led by Geoffrey Rippon and Sir Ian Gilmour, tabled a Commons amendment calling for a directly elected London-wide body to take over some of the GLC's functions after abolition.

EEC recriminations

Officials from the EEC member states and their counterparts in the European Commission sought to apportion blame for the last-minute failure to finalise membership terms for Spain and Portugal. Page 2

Mustard gas claim

West German and Belgian doctors treating a group of Iranian Gulf war casualties said they were victims of mustard gas. Nine Iranians suffering from chemical burns were admitted to a London hospital.

Adams attack men jailed

Three men who tried to murder Sinn Fein MP Gerry Adams last March were jailed at Belfast for a total 48 years.

Danish labour conflict

Denmark is bracing itself for severe labour conflict, with strikes and lock-outs involving 30,000 workers due to start from tomorrow morning. Page 2

Products adulterated

Bottles of Lucozade and mouthwash removed from three Boots stores in Scotland were adulterated, police said. Boots blamed an animal liberation group.

Siege action defended

Scotland Yard denied that they had ended the West London siege involving escaped murderer James Baigrie too early. Baigrie shot himself after police fired gas canisters into the van in which he was holed up.

Mortgage rise confirmed

Three of the five major building societies confirmed increases in their mortgage rates of one percentage point. Page 4

Rugby world cup

A rugby union world cup is to be staged in 1987, said the game's ruling body, the International Board.

Horse sense

A horse-drawn refuse cart began operations round the market place in Chesterfield, Derbyshire. Councillors said the lorry it replaces was too noisy, smelly and expensive.

BUSINESS SUMMARY

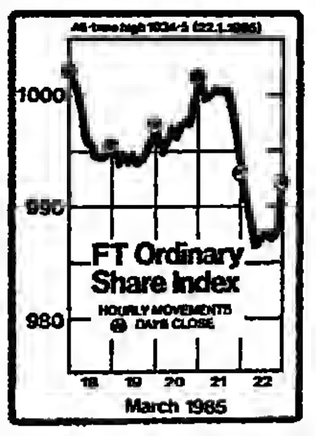
Bonn offers Poland new trade credit

WEST GERMANY became the first Western government to offer Poland new trade credit, dependent on Warsaw formally signing an agreement rescheduling $12bn (£10.2bn) unpaid debt which fell due to the West in 1982-84.

Dr Martin Bangemann, West German economics minister visiting Warsaw, urged Poland's other creditors to follow suit. Back Page

OHIO state governor sacked the official responsible for overseeing the reopening of the Ohio savings banks. He asked seven which had begun trading without state permission to close again. Back Page

EQUITIES were restrained, with London stock markets unsettled by foreign exchange



nervousness. The FT Ordinary Share index closed 0.7 down at 992.4, showing a fall for the week of 10.1. Page 26

VOLUME Investors Corporation member firm of the New York Commodities Exchange, was forced into receivership after the price of gold soared earlier this week, resulting in huge losses for several gold option traders.

COUNCIL manual workers, traditionally pace-setters in public sector pay bargaining, accepted an offer worth between 4.7 and 5.7 per cent. Back Page

BL is moving three component manufacturing companies in its Unipart accessories division to the Austin Rover arm in preparation for Unipart's expected privatisation. Page 3

MACHINE TOOL orders in Britain rose 27 per cent in the three months to December, the Trade and Industry department said. Page 3

GEC is expected next week to be announced as the new owner of state-owned Yarrow warship yard in preference to the other bidder, Trafalgar House. Page 4

CHINA has passed a law, to take effect on July 1, allowing partners in international contracts to decide which country's law to apply in disputes, a Chinese parliamentary official said.

McGRAW-EDISON, Illinois-based conglomerate employing 28,000 in 180 plans, is to become a private company through a $1.3bn (£1.11bn) leveraged buy-out. Page 23

BHP, Australia's largest company, announced a one-for-eight share issue on the strength of a 17 per cent increase in third quarter net profits to A$194.6m (£122m). Page 23

TURNER & NEWALL, automotive and industrial components concern, raised taxable profits by £8m to £20.5m last year, the highest since 1978. Page 22 and Lex, Back Page

Treasury issues writ over strike call

BY PHILIP BASSETT, LABOUR CORRESPONDENT

THE Government is bringing its first legal action against a trade union—the Civil and Public Services Association, Britain's largest Civil Service union—under the pre-strike ballot provisions of its own 1984 Trade Union Act.

The action is over the CPSA's refusal—alone among the Civil Service unions—to ballot its members, as required by the Act, over planned industrial action, including a one-day strike on April 1, and selective action, including an overtime ban, thereafter.

Treasury solicitors yesterday served a writ on the union at its south London headquarters, giving notice that the Government intends to seek an injunction in the High Court next Thursday preventing the action from going ahead because of the union's failure to comply with Part II of the 1984 Act.

The writ warns the union that if it disobeys the court's order it may be liable for contempt of court fines. The only fine under the Act so far was for £250,000 against the transport workers' union in last year's Austin Rover case.

In addition, the writ states the Government's intention, if the strike goes ahead, to press for damages of up to £250,000 under its 1982 Employment Act.

Previously, use of the pre-strike balloting provisions of the 1984 Act has been restricted to a few employers, most of them—apart from Austin Rover—relatively small and in the private sector.

Some CPSA leaders accepted yesterday that, since the other unions threatening action over pay were all balloting their members, the Government had no choice but to take action against the CPSA to uphold the legitimacy of the law.

The Treasury said yesterday: "The Government felt obliged to act and seek an interlocutory injunction. We regret the necessity to have to do this."

On the day the Government put forward its 3.9 per cent pay offer last week, two opposing left factions on the CPSA's governing executive combined to vote 14-4 against balloting on industrial action to try to gain a higher offer.

Left-wingers in the CPSA argued yesterday that their action was in line with both union and TUC policy of opposing the Government's labour laws, and insisted there was no provision in the union's constitution for a secret ballot as required by the Act.

Right-wingers said the Government's legal action would be secretly welcomed by the left, who would be able to blame the Government and the courts for the strike's not going ahead, rather than just watch it collapse as expected.

Some union branches are voting—though not in accordance with the Act. Very early results from a few branches show the votes going in favour of action by about 5-2.

Even though it was partly expected, the Government's writ caused confusion at the CPSA, whose general secretary, Mr Alistair Graham, is travelling abroad.

The union's executive was not due to meet until the day set by the Treasury for its court application, but after consultation the meeting has been brought forward to next Monday.

Though left-wingers may try to stick to their line, it is widely expected in the CPSA and other Civil Service unions that the executive may call off the strike, since there will be no time to organise a ballot before the April 1 due date.

Union officials are likely to warn the highly election-conscious executive members that their election prospects will be sharply diminished if the union loses £250,000, and that in any case members opposed to their decision might press legal action to reimburse the money from them personally.

Mr John Ellis, CPSA deputy general secretary, accused the Government of wanting unions to abide by internal democratic decisions, but then opposing them when they came out in favour of action the Government did not like.

Unions toeing ballot line, Page 5

Council manual workers pay deal, Back Page

Thorn-Ericsson wins key BT exchange contract

BY JASON CRISP

THORN-ERICSSON, a joint venture between Thorn EMI of Britain and L. M. Ericsson of Sweden, has won the key contract to supply British Telecom with a second system of digital telephone exchanges.

The contract marks a significant departure from past practice by BT, which has usually bought exchanges developed in Britain.

It was immediately criticised by the main telecommunications unions because the contract involves a foreign manufacturer. The decision to buy a second system is also to be investigated by Oftel, the new regulatory body, following complaints from MPs.

The contract, worth up to £100m, is for AXE10 exchanges, developed and manufactured by L. M. Ericsson. The two other companies short-listed were Northern Telecom of Canada and the American-Dutch joint venture AT&T and Philips Telecommunications (APT).

BT has been looking at all the larger digital exchange systems worldwide. The contract carries significant prestige for the winning company. The three short-listed companies are thought to have been close technically. Thorn-Ericsson quoted the earliest delivery dates.

The AXE10 system could account for 20 per cent of new installations by late 1987, though System X, the British family of digital exchanges which are manufactured by Plessey and GEC Telecommunications and on whose development BT has spent about £325m, will remain the main type of exchange installed in the British network.

By choosing a second exchange, BT is increasing pressure on the System X suppliers to keep prices low and meet delivery dates. Thorn-Ericsson is thought to have quoted a particularly keen price because of the importance of breaking into the UK market. On a crude calculation the contract implies a cost per exchange line of about £170. System X costs over £200 a line.

Thorn-Ericsson will supply 100,000 lines in the second half of next year and between 300,000 and 500,000 lines in 1987. BT has so far ordered nearly 1.6m lines of System X, worth over £400m. BT has an option to place further orders with Thorn-Ericsson.

Thorn-Ericsson employs about 750 people in this country and has a factory in Scunthorpe where part of the latest order will be made. It is expected to create a further 150 to 200 jobs there. The company also employs about 80 people in the Brighton area, working on the

Continued on Back Page

Gerrard-Capel venture dropped

BY JOHN MOORE, CITY CORRESPONDENT

GERRARD AND NATIONAL, the UK's largest discount house, and James Capel, stockbroker, have abandoned plans to create a £25m joint venture company to make markets in British government securities.

The surprise news caused Gerrard and National's share price to rise 15p to 375p on the London stock exchange, on speculation that a takeover of the discount house could be imminent. G and N is valued at £112m.

Last October, Capel and G and N said they planned a joint venture company which would seek primary dealer status in British government securities.

In August last year, Hongkong and Shanghai Banking Corporation said it intended to acquire James Capel in an agreed merger.

The Bank of England is preparing a radical restructuring of the gilt-edged market as part of the changes taking place in the securities market. More than 25 financial groups are seeking primary dealer status from the Bank in order to operate as market makers in the restructured gilt-edged market.

Mr Roger Gibbs, chairman of G & N, said yesterday that Capel and his company "have decided to go our separate ways. The split has been incredibly amicable." He said the company's decision had been influenced by recent developments in the London money markets.

"When we did the deal there was all sorts of talk about maintaining 'Chinese Walls,' separating various activities within groups. But it now appears that only the capital will have to be kept separate rather than the structures."

Commenting on the recent merger speculation, Mr Gibbs said: "Our really strong determination is to remain an independent house."

In the Capel joint venture G & N managers feared the discount house might be seen to be a London representative office of Hongkong and Shanghai Bank rather than an independent entity. Moreover, G & N, thinking has to some extent been influenced by the decision of Union Discount, a rival discount house, to seek primary dealer status on its own.

Both James Capel and G & N are to seek primary dealer status independently of each other. The Bank is drawing up definitive proposals for the new gilt-edged market. Formal discussions will take place with prospective gilt-edged market makers, who could number more than 40.

When the Bank has completed its discussions, it will announce the number of applicants. It is expected to publish the initial list of market makers by the late spring.

S.E. chairman opens reform campaign, Page 4

Rate of inflation climbs to 5.4%

BY MAX WILKINSON

THE ANNUAL inflation rate rose to 5.4 per cent in February, the highest for more than two years, according to official figures out yesterday.

The rise reflected mainly the increase in mortgage rates in January, although fresh fruit and vegetable prices were also higher. In March and April, the inflation rate is expected to float up further, probably to more than 6 per cent.

Yesterday's rise of one percentage point in the mortgage interest rate and higher import prices reflecting sterling's fall will both increase the inflation rate. This week's Budget measures will also add about ½ a percentage point to the inflation rate in April.

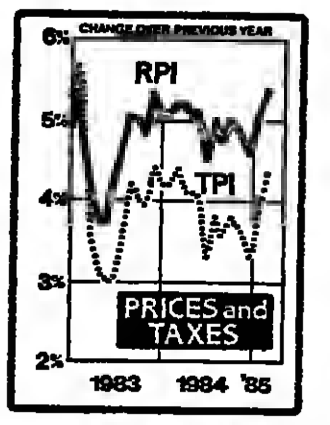
Yet if the Treasury is right, the inflation rate should start to decline again in the second half of the year reaching 5 per cent by the fourth quarter, and 4½ per cent by the middle of next year.

Although this is more optimistic than the projections of most independent forecasters, it is widely believed that the inflation rate will decline again by the end of 1985.

Yesterday's figures showed that the index of retail prices rose by 0.8 per cent in February to 362.7 (1974=0). However, the tax and price index — which measures the gross pay needed to keep pace with price and tax changes — rose by only 4.3 per cent in the 12 months to February.

Britain's inflation rate is now above the average of the main Western economies, whose rates average just under 5 per cent. Latest inflation rates for competitor countries include: Japan 2.9 per cent; West Germany 2.1 per cent; the U.S. 3.6 per cent; Canada 3.7 per cent; France 6.5 per cent and Italy 9.1 per cent.

Recent rises in Britain's infla-



tion rate and the comparatively poor performance compared with some other countries underline the reasons behind Mr Nigel Lawson's decision to opt for a tight Budget.

The Chancellor believes that any large overshoot of borrowing and money supply targets, especially if combined with a fall in sterling, could imperil the Government's strategy for a steady reduction in inflation.

Government optimism is partly based on the hope that interest rates will fall from their present high levels by the end of the year.

Separate official figures out yesterday confirmed that Britain's economic growth rate was 2½ per cent last year. Without the effect of the coal strike, growth would have been a little over 3½ per cent.

These figures, from the Central Statistical Office, show that last year's inflation rate as measured by the GDP deflator was 4½ per cent.

Tory central council meeting, Back Page

Zero inflation still Tory aim, Page 4

Building societies raise rates, Page 4

POUND DOWN 1½ CENTS

The pound fell a little on the foreign exchange markets yesterday against a somewhat stronger dollar, as speculators squared up their books after a turbulent week. Sterling closed in London yesterday at $1.1735, almost 1½ cents lower than its value at Thursday's close, but still nearly 10 cents higher than a week earlier.

The Sterling Index against a trade-weighted basket of currencies fell by nearly a point to 75.5 (1975=100) yesterday, but this was 5 per cent higher than last Friday. This partly reflected a 3 per cent decline in the dollar's trade weighted index during the seven days, but also a general strength of sterling against other currencies after the Budget on Tuesday. Money Markets, Page 20.

S. Africa sets up inquiry into shootings

By Anthony Robinson in Johannesburg

THE South African Government yesterday set up a judicial committee of inquiry into Thursday's deaths at Uitenhage, in the western Cape, of demonstrators marking the 25th anniversary of the Sharpeville massacre.

Thursday's death toll after police fired on a crowd of 3,000 to 4,000 people has risen to 19 while a further 35 wounded sought hospital treatment, double the estimate given to the Pretoria Parliament on Thursday night by Mr Louis le Grange, Minister of Law and Order.

Yesterday's announcement of an inquiry came amid a growing chorus of condemnation of the South African Government both at home and abroad and was accompanied by fresh stoning and riots in black townships throughout the country.

Amid calls from the opposition Progressive Federal Party for Mr le Grange's resignation, church and community groups have challenged the Government's version of Thursday's incident, which came 25 years after 69 blacks demonstrating against pass laws were shot dead by police at Sharpeville, near Johannesburg. Quoting eye witnesses, they maintain Thursday's demonstration at Uitenhage had not encircled the police's armoured car, was peaceful and unarmed and was not on its way to a white township but to a memorial service in a nearby black township. Eyewitness reports also deny that the police gave advance warning before opening fire.

The timing of the incident could not have been more inauspicious for the Government. Not only is it engaged in a concerted effort to head off the growing threat of disinvestment in South Africa by U.S. and other foreign businesses but it faces unprecedented U.S. media coverage of South Africa.

The ABC television network has devoted the whole of its hour-long nightly news-line programme over the past week to a series of reports

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S. African white miners dispute, Page 2

MARKETS

DOLLAR

New York lunchtime:
DM 3.2265
FFr 9.8525
SwFr 2.7255
Y255.625

London:
DM 3.226 (3.2105)
FFr 9.86 (9.82)
SwFr 2.7275 (2.72)
Y255.55 (254.2)

Dollar index 149.8 (149)
Tokyo close Y254.9

U.S. LUNCHTIME RATES

Fed Funds 8$\frac{5}{16}$%
3-month Treasury Bills: 8.48%
Long Bond: 95$\frac{3}{32}$
yield: 11.51

GOLD

New York Comex March latest $317.5
London: $315.5 ($321)

STERLING

New York lunchtime $1.710
London: $1.1735 (1.188)
DM 3.78 (3.815)
FFr 11.54 (11.68)
SwFr 3.1975 (3.225)
Y299.25 (302.0)
Sterling Index 75.5 (76.4)

LONDON MONEY

3-month interbank:
closing rate 13$\frac{7}{16}$% (same)
3-month eligible bills:
buying rate 12$\frac{11}{16}$% (12¾)

STOCK INDICES

FT Ord 992.4 (−0.7)
FT-A All Share 626.42 (−0.2%)
FT-SE 100 1,302.0 (+2.2)
FT-A long gilt yield index:
High coupon 10.59 (10.61)
New York lunchtime:
DJ Ind Av 1,270.54 (+2.32)
Nikkei Dow 12,542.6 (12,541.37)

Chief price changes yesterday, Back Page

CONTINENTAL SELLING PRICES: Austria Sch 18; Belgium Fr 38; Denmark Kr 7.25; France Fr 8.00; W. Germany DM 2.20; Italy L1,300; Netherlands Fl 2.50; Norway Kr 8.00; Portugal Esc 80; Spain Pta 110; Sweden Kr 8.50; Switzerland Fr 2.20; Ireland 55p; Malta 30c.

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For London market and latest share index, 01-246 8026; overseas markets, 01-246 8086.

Gunmen kidnap French diplomat in West Beirut

BY NORA BOUSTANY IN BEIRUT

GUNMEN yesterday kidnapped a French consular officer in the western Moslem sector of Beirut and another French diplomat and his daughter were missing after they failed to report for work, Embassy officials said.

M Marcel Fontaine, the French vice-counsel was buying newspapers when two clean-shaven young ment with pistols bundied him into a car about 100 yards from the embassy compound.

The kidnapping brought to five the number of Westerners abducted in Lebanon in the last nine days. Four of them were taken away at gunpoint in the Moslem sector of the Lebanese capital, including two British nationals.

No group bas yet claimed credit for yesterday's abductions. Last week anonymous caller claiming to speak for the "Islamic Jibad" organisation said his group had kidnapped Mr Terry Anderson, the American bureau cbief of the Associated Press, and Britons Mr Brian Levick and Mr Geoffrey Nasb, a businessman and a metallurgist.

Renter reports from Sidon: Israeli troops in an armoured personnel carrier killed a 14-year-old girl and wounded 12 people yesterday when they opened fire in a Shi'ite Moslem village 20 km south of Sidon, security sources said.

A United Nations statement said Israeli soldiers searching the village of Qleileh, south of Tyre, shot and killed one villager and wounded another.

Mr Timur Goksel, a member of the UN Interim Force in Lebanon (Unifil), said about 70 Israeli troops rounded up 300 men in the village school for interrogation.

They left at noon taking 26 bound captives with them, eight of them blindfolded, security sources said.

The Israelis yesterday killed 23 people, including two Lebanese journalists working for the U.S. television network CBS, in what the Israelis described as "raids" on Shi'ite villages outside their occupation zone.

Our Tel Aviv correspondent adda: Israel is making no apologies for the deaths of the two newsmen. Prime Minister Shimon Peres yesterday defended the tank crew, saying it "did not deviate from the strict orders concerning the protection of innocent bystanders."

In a condolence message to CBS, Mr Peres said the newsmen were in a group of armed men when Israeli troops raided a Shi'ite village near Sidon on Thursday. Some eye-witnesses disputed this, however, and said the newsmen were among unarmed villagers and journalists.

The Israeli army said it would conduct nothing more than a routine investigation into the incident. "If journalists enter territory in which armed terrorists are located, they take on themselves the risk of getting hurt," an army statement said.

Reagan reaffirms support for Mideast peace talks

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

PRESIDENT Ronald Reagan sought to keep up the momentum of recent moves towards a new round of Middle East peace negotiations, and denied that the U.S. had "disengaged" from the peace process, at his Thursday night news conference.

Mr Reagan repeated that the U.S. would be willing to meet a joint Jordanian/Palestinian delegation, as proposed by Mr Hosni Mubarak, the Egyptian President, as a first step towards direct Arab-Israeli negotiations.

He again insisted, however, that the delegation could not "at the moment" contain members of the Palestine Liberation Organisation, because the PLO bad not yet recognised Israel and accepted United Nations Security Council Resolution 242, whicb calls for an exchange of land for peace.

He said there were plenty of Palestinians who did not feel that they were represented by the PLO. "For example many of those who are living and holding local offices on the West Bank," could participate in the proposed joint delegation.

Mr Reagan said that thanks to the efforts of Mr Mubarak and Jordan's King Hussein, there was no "a reasonable chance" that negotiations could get under way. He reiterated, however, that the U.S. aim was direct Arab-Israeli talks and that the U.S. had "no business" getting involved in such negotiations.

Mr Reagan put a positive gloss on his talks with Mr Mnbarak in Washington last week, insisting that it was a "misapprehension" that Mr Mubarak had left disappointed. "He told us what be was doing and certainly we complemented him highly on what he is doing—I think it's great," Mr Reagan said.

The U.S. had not been "idle," Mr Reagan insisted. "We have been trying to build up a relationship with the Arab nations as well as the relationship that we have always had with Israel," he said. Mr Mubarak had made no specific requests during his Washington visit.

Low price rises in U.S. keep inflation steady

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

U.S. CONSUMER prices rose by a modest 0.3 per cent in February, maintaining the steady, low inflation rate of the past two-and-a-half years, the Labour Department said yesterday.

The department's report, which showed a 3.5 per cent rise in the Consumer Price Index over the previous 12 months, appeared to calm fears that inflation had begun to accelerate. The figures came a day after the Commerce Department had estimated that tbe broadly based GNP implicit price deflator wes increasing at an annual rate of 6.4 par cent in this quarter.

Government analysts said yesterday that when technical factors were taken into account, the Commerce Department figures suggested that the underlying rate of inflation was less than four per cent. February's CPI increase represented a compounded 4.2 per cent annual rate.

The 0.3 per cent rise in February was the same as the monthly average since October 1981, maintaining a trend that has varied little as the economy bas fluctuated in the past year.

The February increase, which followed an 0.2 per cent rise in January was beld back by lower petrol and meat prices, the Labour Department said. If energy and food were excluded, bowever, the remaining goods and aervices showed a much sbarper 0.6 per cent increase.

Brussels setback exasperates Madrid

By David White in Madrid

SPANISH exasperation over the last-minute interruption of EEC entry negotiations was more than apparent yesterday despite a moderate official posture.

Sr Felipe Gonzalez, the Prime Minister, said be had conferred by telephone with President Mitterrand following the breaking-off of discussions in Brussels on Thursday night, and that bs was confident an agreement could still be reached when talks are renewed next week ahead of the EEC summit.

However, his assurances of "serenity" over the eventual outcome were offset by unanimous press condemnation of France for ooce more providing the obstacle in Spain's path to Europe.

The Government is dne to report to parliament on the setback on Tuesday or Wednesday next week, just before the proposed new talks. But Sr Gonzalez said he saw little point at this stage in a parliamentary debate on entry terms as sought by the rigbt-wing opposition.

There is some concern et the prospect of final details being put off until next weekend, when it is feared psychological pressures might force less favourable terms on Spain.

France's last-minnte quibbles, whicb involve five fishing boats (of those that will be allowed to operate in EEC waters at any one time) and 30m litres of table wine, came after general satisfaction over the earlier progress of the talks, particularly in the delicate fisheries chapter.

The npset came as the Spanish media was already starting to celebrate the historic moment at which Spain's entry into Europe would be finally agreed, after six years of negotiations and generations of virtual isolation. Newspapers yesterday bad to bold back special commemorative pages.

The Brussels snarl-up is attributed in Madrid to purely electoral Freoch concerns following Socialist losses in the cantonal elections earlier this montb. However, Sr Gonzalez refused to comment on Frencb motives.

Lisbon signals cautious relief

By Diana Smith in Lisbon

LISBON responded with cautious relief that the five-day Brussels marathon had covered most of the groundwork for a final agreement without damaging national interests.

The Mario Soares Government is particularly adamant about protecting national waters from indiscriminate Spanisb fishing. Agreement to the EEC's proposal for a 200-mile "Iberian zone" without clear demarcation of Portuguese waters would have created a political uproar in a country hyper-sensitive to Spanish encroachment, granted by the former Partuguese regime, on rich spawning grounds.

The Community's constant extension of deadlines for the end of negotiations has strained the credibility of Sr Soares' cabinet. Those sceptical about the benefits of EEC membership have begun to interpret the delays as a slight to national pride, and to blame this on Sr Soares.

If completion is possible next week, the Government can progress faster with plans to modernise the economy, which need certainty about EEC membership to be viable.

European Investment Bank loan for UK

THE European Investment Bank, the Community's bank for long-term finance is advancing nearly £30m for three projects in Britain.

The projects are a newsprint factory in North Weles, schemes to improve the environment and drinking water quality in Devon and access improvements to Harwich harbour.

EEC SUMMIT

Budget deal a surprise package

BY QUENTIN PEEL IN BRUSSELS

JUST WHEN no one was watching this week—at the end of five days of gruelling and ultimately abortive negotiations on the terms for Spanisb and Portuguese membership of the EEC—the Community Foreign Ministers pulled a rabbit out of a hat.

Late on Thursday night they cobbled together an agreement on how to meet all their looming financial problems, and still leave everyone relatively satisfied.

The deal, which broke a deadlock dating all the way back to last June's summit meeting of EEC leaders at Fontainebleau, means three things:

- A proper budget can be drawn up for 1985, allowing new policies to be implemented as well as the continuation of existing programmes.
- Britain can receive its promised reduction in budget contributions of Ecu 1bn (£570m) before the end of 1985.
- Member states will increase their long-term contributions to the Community's "own resources" in 1986, from the present 1 per cent VAT ceiling to 1.4 per cent, to head off the perennial budget crisis for at least another 12 months.

Inevitably, all is not quite yet sweetness and light. Greece still has a reservation on the package, and the European Parliament has to be consulted. There is a question-mark over whether any single national parliament may still hold up the British cash until 1986. But in essence the deal is done.

Mr Henning Christophersen, the European Budget Commissioner, promised yesterday to produce the necessary figures next week to allow the Council of Ministers and the European Parliament to agree on a new 1985 budget.

Latest calculations in the Commission put the budget gap, to be financed by the 10 member states in the form of one-off payments, at some Ecu 2.2bn (£1.25bn), on top of the Ecu 25.9bn (£14.7bn) draft budget rejected last December. The Budget Ministers, led as usual by the British, seem certain to try to reduce that figure as much as possible.

Financing that shortfall was the easiest part of the agreement. The real problem was to finance Britain's Ecu 1bn during 1985, while West Germany remained adamant that long-term contribntions could not be increased before the date of Spanish and Portuguese membership in 1986.

What the Ministers agreed was that Britain sbould get its redneced contributions within two days of all national parliaments ratifying the decision to raise the VAT ceiling from 1 per cent to 1.4 per cent, regardless of wbether enlargement bad been ratified or not. The nine other members would have to increase their VAT-based payments marginally to make up the Ecu 1bn in the 1985 budget, but not to the extent of the full 1.4 per cent.

The only danger now to the British Ecu 1bn in 1985 would be if one or more national parliements decided to delay ratification of the new VAT ceiling. If they did so, they would be in danger of cutting off their noses to spite their faces. It would mean that the 1986 budget could not be drawn up on the assumption of increased contributions. In the words of a Commission official, that would produce "a catastrophic situation" making the present budgetary mess seem positively minor.

Recriminations over enlargement deadlock

BY OUR BRUSSELS CORRESPONDENT

RECRIMINATIONS were flying in Brussels yesterday as exhausted officials from the EEC member states and their counterparts in the European Commission sought to apportion blame for the last-minute failure to finalise membership terms for Spain and Portugal.

A record five days of negotiations on the 14th and 15 floors of the Charlemagne building, headquarters of the EEC Council of Ministers, actually produced remarkable progress on all the major problems under debate.

At the end, however, the fact that Sig Giulio Andreotti, the Italian Foreign Minister and current council president, bad to call another meetine for next week, caused bitter disappointment.

France was the most popular target of the day, as both Sig Andreotti and Sr Fernando Moran, the Spaniah Foreign Minister, singled out the French Government's resistance on the final terms for agriculture and fisberies as the ultimate stumbling block.

Sig Andreotti, wbo finished the talks with a non-stop 36-bour stretch without sleep, insisted that the entire compromise package be presented had been unacceptable to the Spanish. Bcause of the French objections, be said, the talks will have to continue next Thursday and Friday, with a deadline to finish before the EEC summit begins on Friday afternoon.

Commission officials were taking a more generous line yesterday, saying that a variety of technical objections to the package remained, from a number of EEC member states.

None the less, the French serious.

On fisheries, France is still seeking a significant reduction in the number of Spanish trawlers allowed to fish in EEC waters, and a cut in the number allowed to fish together at any one time.

The Italian compromise had suggested the overall figure as 300, and the figure for simultaneous fishing as 150. The alternative proposal was for a maximum figure of 250, and a lower figure of around 130. The gap could not be bridged.

The other problem on the fishing front is the saga of the Irisb box, on which Dublin is still fighting a rearguard action to keep Spanish fishing to a minimum in its coastal waters up to abont 50 miles.

The compromise suggested total exclusion of Spanish boats for 10 years, and immediate access on the basis of the list of boats thereafter. Mr Jim O'Keeffe, the Irish junior Foreign Minister, beld out for a much slower entry

France still has concerns about agriculture, the quantity of Spanish wine which the European Commission would be empowered to buy in for distillation at a subsidised price, and the rate of reduction of the effective tariff wall keeping out Spanish imports of fruit and vegetables

Again, the gaps were narrow but, given the exhaustion of the negotiators, irredncible at least until next week.

Meanwhile, the negotiations with Portugal, hitherto much more straightforward, still leave problems to solve.

One concerns Luxembourg's insistence on extended controls over Portuguese workers coming into that country.

The outlook for next week's talks is mucb rosier than it was six days ago. The Foreign Ministers still hava the powerful effect of a deadline to concentrate their minds: if they fail to agree the terms by the end of the month, then the proposed enlargement date of January 1 1986 will probably be unattainable.

More than that, if they leave details like tomato paste tariffs and trawler numbers to their heads of government, they will be profoundly unpopular Ministers.

EEC plans technology network

BY PAUL CHEESERIGHT IN BRUSSELS

THE EUROPEAN Commission yesterday launched an ambitious plan aimed at installing an EEC integrated wide band telecommunications network from 1992.

Within the scope of this aim the Commission is proposing a research programme, linking academic institutions, manufacturers and telephone authorities, called Researcb and Development in Advanced Telecommunications Technology for Europe—Race.

It is seeking funds from the Ten of Ecus 22.1m (£13.26m) to co-finance an Ecus 42.9m preparatory phase lasting 18 montha from next July.

This would be the forerunner of a more extensive research programme lasting five years to increase the EEC's technological competitiveness in the face of wbat is expected to be an overall EEC investment in telecommunications over the next 10 years of Ecus 150bn.

The Commission's move comes within the context of egreements reached in ministerial last year to work towards the progressive harmonisation and unity of the national communications networks in the EEC.

Research ministers will have their first look at the plan next June. This should provide the basis for settling the type of network needed and moving towards technical harmonisation.

The research programme would be managed broadly on existing lines—to improve information technology activity across national borders.

Tenders for research projects are submitted within the broad framework of a work programme, and then vetted by committees of experts. Those accepted are funded 50 per cent by the EEC and 50 per cent by the participants.

The Commission's push for its programme has been made easier financially by the Foreign Minister's agreement reached on Thursday night on resolving the immediate budget crisis of the EEC.

OECD 'satisfied with Austria'

BY W. L. LUETKENS

AUSTRIA'S overall economic performance is satisfactory, the Organisation for Economic Co-operation and Development (OECD) says in a report published today.

But it also incorporates outspoken warnings of longer-term problems as yet unsolved, including budget deficits, outdated industrial structures and the distortions caused by subsidies to industry.

The report notes that unemployment in Austria, averaging 4 per cent of the labour force lest year, was well below average; that the external account is close to balance: and that merchandise exports have been increasing and are likely to continue to do so.

As usual, the report notea the moderation of wage claims put forward by the Austrian trade unions.

A particularly sharp passage in the report says that it is important to ensure that the extensive system of subsidies and incentives to industry do not become counterproductive, lessening efficiency.

"Lack of transparency in the system of subsidisation, make it difficult to evaluate wbether conditions on which government support was granted have been met." For this year, the total volume of subsidies and canital transfers is given as A$62bn (£2.4bn) or 4.5 per cent of GDP.

Also on the neeative side of the ledger, the authors note that the move towards increasing high technology contents in Austrian industrial production has slowed down since the mid-1970s.

Among the possible reasons they list relatively low research and development expenditure, an insufficient supply of risk capital and government policy which, until recently, pleced a priority on maintaining employment levels.

Innovative investment may also have been inbibited by the lack of risk-bearing capital, the report says. According to a sample survey of the central bank, company own funds (equity plus reserves) declined from 26 per cent of balance sheets in 1973 to 16 per cent in 1982.

The OECD forecasts

	Schillings bn 1982	Volume change (%) 1983	1984	1985	Jan.-June 85/86
GDP	1,138.1	2.1	2½	3	2½
Exports of goods and services	463.6	6.2	14¼	6¾	7
Imports of goods and services	444.5	9.9	14¼	5¼	6¼
Foreign balance	18.8	−1.2	¼	½	¼
Consumer prices	—	3.2	5¼	4	4
Unemployment (% of labour force)	3.4	4.1	4¼	4	4

Source: OECD

Talks to cut risk of war move ahead

By David Brown in Stockholm

SUBSTANTIAL progress towards an agreement to reduce the risk of war in Europe bas been made at the 35-netion Stockholm European Security Conference. Delegates now say drafting work could begin as early as this autumn.

However, in their closing remarks, the Soviets declared themselves "seriously disappointed" with the results of the fifth session and accused the Nato allies of ignoring their concerns and "staging a farce" to obscure progress.

Senior Western delegates dismissed both the tone and substance of the statement—the barshest from Moscow in several months—as a ploy to influence Enropean public opinion and exploit differences within the Nato alliance.

Several Warsaw Pact delegations—not least the East German—have been more optimistic in their assessments than Moscow, they say.

It is widely agreed that the talks, now at halfway point, entered their most productive phase during the latest session witb an exchange of detailed working proposals between Nato and the Warsaw Pact.

Nato has been careful not to forge a direct link between the security conference—which is concerned with measures to cut the risk of war in Europe—and progress in the field of human rights, which will be taken up at a separate meeting in Ottawa starting this May.

But it is insisting that new "confidence-building measures," that are "significantly stronger" than those agreed in the 1975 Halsinki Final Act, be part of the concluding document.

Specifically, it wants to strengtben provisions for advance notification and exchange of information about certain military movements as well as the mandatory presence of observers and proper means of verification.

Denmark faces national strike

THE DANES were yesterday bracing themselves for the severest labour conflict since the Second World War, when 300,000 workers either go on strike or are locked out from Sunday morning, Hilary Barnes writes from Copenhagen.

The strikes will hit not only industry but also oil and petrol distribution and the power stations, and could bring the country to a complete halt eventually. The conflict is a result of the failure of the trades union council and the employers' association to reach a new central agreement on wages and working conditions.

Senior members of the four-party coalition Government were due to meet yesterday evening to discuss the situation, but the Government is not expected to intervene before the strike starts. Prime Minister Mr Pol Schlüter announced that he has cancelled an official visit to Spain in Easter Week, which led to speculation that the Government may wait until then before it takes action to try to stop the conflict.

SAS, the Scandinavian airline, announced an emergency programme to switch international flights from Copenhagen airport to Swedish and Norwegian airports, with Stockholm's Arlanda Airport functioning as the SAS international traffic centre for the duration of the conflict. SAS said intercontinental flights will be cut by 50 per cent, but there will be daily flights from Arlanda to New York and twice-weekly flights to Chicago and Los Angeles.

All Danish shipping will be stopped, except state-operated ferry services.

South African white miners declare dispute

South Africa's 20,000 white gold and coal miners yesterday declared a dispute with the Chamber of Mines, the employers' representative body, following a failure to agree on wage increases due to be implemented in May. The Council of Mining Unions the affairs of eight white mining unions had demanded a 20 per cent across the board wage increase. They had ben offered 9.5 per cent, Jim Jones writes from Johannesburg.

Declaration of a dispute is a normal step in the collective bargaining process, Mr John Liebenberg, the chamber's industrial relations adviser said. But this year's wage negotiations promise to be some of the most difficult for the chamber. Next month's negotiations start with the 450,000 black miners' representatives, who have already stated that a major demand will be for the early abolition of racial barirers to black advancement.

Iraq claims air raids over Iran

IRAQ SAID yesterday its eircraft had attacked three Iranian cities and flown over the capital, Tehran, during Friday prayer meetings, writes our Middle East staff.

Iran confirmed that attacks had taken place on Arak, Bushehr and Hamaddan, but the military said ground fire had driven off the aircraft.

Sri Lanka acts on bank work-to-rule

Special emergency regulations were introduced by the Sri Lankan Government yesterday to deal with a work-to-rule campaign by 18,000 employees in the major state-owned banks, the Bank of Ceylon, the Peoples' Bank and the central bank. The employees, who are demanding a 40 per cent wage increase, will risk dismissal without the right of appeal if they fail to resume normal duties.

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BL moves three Unipart offshoots to Austin Rover

BY JOHN GRIFFITHS

THREE components manufacturing companies with a total work force of 2,000 are being transferred out of Unipart Group, BL's parts and accessories division.

The transfers are of the preparations for Unipart'a privatisation, expected early next year.

The companies are Llanelli Radiator, South Wales, which makes mainly radiators, heaters and seat frames; Coventry-based Bean, which produces a variety of mechanical components, and Butec Electrical nf Stafford, which produces nlectrical equipment, mainly for commercial vehicles.

The process of transferring them to Austin Rover Group Holdings, the holding company for BL's volume until the end of last year. However, in announcing its 1984 financial results on Tuesday, BL disclosed that the three companies had already been exclnded from Unipart's results for the year.

Without the three concerns, Unipart made an operating profit of £14m, down from £16m in 1983.

BL does not break down the results of individual companies within the Unipart group, bnt in 1983 industry estimates are that the three companies made combined profits of about £2m.

Thn three remain nnder day-to-day control of Unipart Group managers, with Austin Rover expected to introdnce its own management progressively. No significant changes are expected in the size of the companies' workforces or the nature of their operations.

The transfers formed part of a review of the operations of all the manufacturing companies grouped under Unipart's SU Butec division, with the intention that Unipart would retain only those bnsinesses linked closely with its roln as a provider and distribntor of parts to the vehicle after-sales and accessories markets.

The three companies being transferred are oriented heavily to supplying Austin Rover with parts filled as original equipment. About 70 per cent of the business of Llanelli Radiator, in spite of its name, is the manufacturing of seat frames for Austin Rover.

The two SU Butec componies being retained by Unipart are Oxford Exhausts, which manufacturers all Unipart's replacement exhaust systems, oli coolers and heat exchangers; and Coventry Components, the source for Unipart's remanufactured engine supplies to the aftermarket, worth £25m to 30m annually.

Some uncertainty remains nver *Llanelli Radiator*. Unipart has spent about £4m at the plant nn a new type of lightweight radiator both for the parts market and, it hopes, for supply to vehicle makers in the UK and ahroad as original equipment. This section of the company's operations may be retained hy Unipart.

Both retained companies are seen as having operations which fit well with those of Edmunds Walker, the components manufacturing and distribution business Unipart acquired from the engineering group AE last August.

Another step towards privatisation was taken last month when the Department of Trade and Industry announced that it was planning to appoint a merchant bank "to advise on possibilities for privatising BL businesses." The bank has not yet been named. J. Henry Schroder Wagg advised the department on the Jaguar privatisation last year.

Unipart and Austin Rover are also seeking a transfer pricing agreement under which Unipart would continue to supply Austin Rover with parts.

Sainsbury to sell books for children

By Gay Firth

JOHN SAINSBURY, the supermarket group, will launch on Monday, an exclusive range of children's hardback books at more than 200 hranches and all six Sainsbury SavaCentres.

The authors of the 26 titles *include John Burnigham, Helen* Oxenbury, and Nicola Bayley, whose books are already well known in the international children's book market. Several more are planned in the autumn.

They are published for Sainsbury by Walker Books, a company specialising in quality children's publications.

About 40 per cent of Sainsbury's 8½m customers have children. Mr Michael Rosen, director of non-foods buying, says: "This is probably one of the most innovative and comprehensive ventures seen in recent times in the high street.

"We believe the introduction of our new range will encourage hook-buying." Since 1978, Sainsbury has sold more than 10m copies in its food guide and recipe hook range of titles.

The children's range is divided into three recommended age groups: "Board hooks" for babies of six months to two years; "play and learn" titles for the two to five age group; and a "read me a story" series for four to six year olds.

Richard Tomkins assesses the dental profession's view of higher treatment costs

Why dentists are down in the mouth about charges

A VISIT to the dentist could become an even more painful experience from the beginning of next month.

The changes to National Health Service dental charges announced last week will bring increases averaging more than 25 per cent for those who have to pay for their treatment.

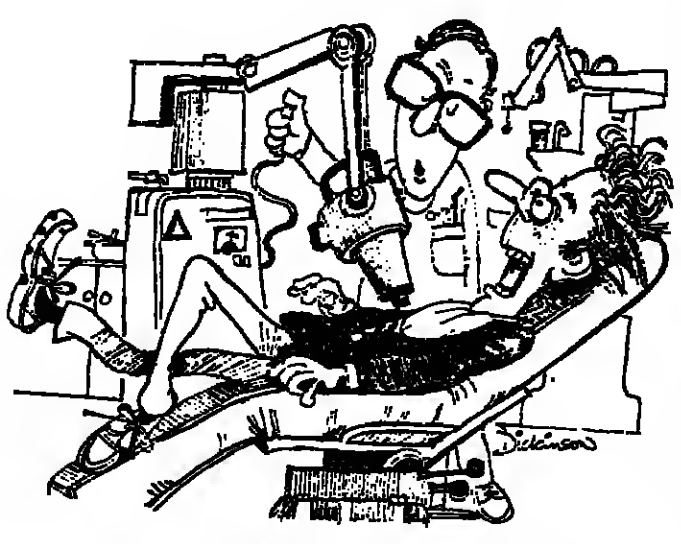
Dental charges have risen rapidly since 1979. Before then, the average cost of a course of treatment was £4.50. From April 1 it will be £18.50, an increase of more than 200 per cent in real terms.

The British Dental Association is incensed by what it sees as the placing of a financial barrier between patients and the treatment to which they are entitled.

"These charges are a discriminatory tax on dentistry," says Mr David Walson James, chairman of the association's general dental services committee which represents Britain's 16,000 NHS dentists.

"If we were to suggest that there should be an ear tax or a toe tax, you would laugh. So *why should there be a* tax on teeth?"

The answer lies in the popularity of the dental service following its inception as part of the NHS in 1948. At first it was free, but the demands on it so far exceeded the Government's estimates that in 1951 charges were introduced in an attempt to contain spending—first, just for dentures and then, a year later, for other treatment.



"Just to be on the safe side, I'll X-ray your wallet as well."

Since then—and particularly in the last six years—charges have escalated to the point where the underlying NHS principle of free medical care for *all hardly applies. Examina*tions are still free, but from April 1 patients who need treatment and have to pay for it will find themselves paying an average contribution of 60 per cent towards the full cost of the dentist's fees.

For routine treatments, such as fillings and extractions, patients already have to pay the full cost, but only up to a maximum of £14.50, after which the NHS takes over. From April 1, the patient will have to pay the full cost up to £17 plus 40 per cent of anything above that.

But specific treatments such as crowns and dentures, the charges will rise up to 10 per cent. The maximum charge for any single course of treatment will rise from £110 to £115.

About 46 per cent of patients will not know the difference; children, pregnant women and nursing mothers, and those on low income, supplementary benefit or family income supplement get their treatment free.

So if the poor are prolected and the rich can look after themselves, does it really matter if charges go up?

"More than half the dentate population (those who have some or all of their own teeth) don't have regular dental examinations and raising charges to these levels is certainly not going to encourage these people to seek treatment in the future," says Mr Watson James.

"But it's the people of modest means we are most worried about—particularly those just above the level nf social security who are caught in the poverty trap.

"To take a common example: a young man, aged 20, comes into my surgery with a toothache in a lower molar.

"To take it out will cost him £3.30. To save it I can carry out route canal therapy to remove dead or dying nerves for £26.50, take two small X-rays for £2.10, and retore the hole in the tooth with a filling for £7.50. Total: £36.10.

"At present he would have to pay the *maximum fee of £14.50* towards the cost of saving the tooth. Under the new system he will have to pay the first £17 plus 40 per cent of the balance, which makes £24.64.

"In other words, the cost to that young man of saving his tooth will rise by 70 per cent on April 1. The chances are that if he comes to me after that date he is going to tell me to take it out.

"Dentist are supposed to be preserving people's natural teeth, not removing them. The effect of these charges is to price proper dental treatment beyond the means of people in modest circumstances."

The Government is unmoved by such arguments. It says more money is needed from direct health charges — for dentistry, prescriptions and private hospital beds — tn pay fnr growing health service spending. In any case, it says, there is no statistical evidence to prove that rising dental charges have deterred people from seeking treatment.

What really irks the British Dental Association is that while the charges act as a deterrent to those seeking dental treatment, in terms of their effect on the overall NHS budget they are trifling. They are forecast to contribute less than £220m to the coming year's planned NHS spending of £17.5bn.

"These charges have nothing to do with dental health and everything to do with taxation as a means of financing other *parts of the NHS," says Mr* Watson James.

"It would be perfectly possible to raise tha money elsewhere. In our increasingly health conscious society the Government is already taxing cigarettes and alcohol heavily. In the same way it should be taxing the causes of dental disease, not its treatment.

"In my view, thn answer is simple: tax sugar."

Orders rise in machine tool industry

By Andrew Fisher

THE MACHINE TOOL industry saw a further jump in orders in the three months to last December, the Department of Trade and Industry said. Total new orders rose hy 27 per cent on the previous three months.

The upsurge of orders continues a period of improving business for UK machine tool companies.

Companies have changed their product lines, slimmed their labour forces, and re-thought their marketing strategy in the face of the downturn in orders and the onslaught of Japanese imports.

The weakness of the pound has also aided manufacturers' exports. New export orders were 28 per cent higher in the three months, with a 25.5 per cent increase in domestic orders, according to figures in the Department nf Trade's pnblication British Business.

Total orders-on-hand for the machine tool industry at the end of December were 28.5 per cent up on end-September with a 36.5 per cent rise in exports.

Actual sales to export markets were down in the fourth quarter by 6.5 per cent and fell on the home market by 4 per cent, but are expected to show renewed growth. All figures for the industry are seasonally adjusted.

● NEW ORDERS for the engineering industries dropped 2.5 per cent in the fourth quarter of last year compared with the third quarter. The level of new home orders was stable, bnt export orders were down 7 per cent, according to Department of Trade and Industry statistics.

However, trends in the various engineering sectors diverged widely. Total new orders for the mechanical engineering sectora were 4.5 per cent lower in the fourth quarter than in the third quarter, as a result of a 10.5 per cent slide in the home market offset by a 6.5 per cent rise in export markets.

U.S. group fails to block award

By Raymond Hughes

AN ATTEMPT by a U.S. company to havn an arbitration award set aside or declared void because, it alleged, thn umpire and one of the arbitrators had an interest in the dispute, has been rejected by the Commercial Court.

Dismissing a claim by Cook International, Mr Justice Leggatt said neither Mr Anthony Scott, the arbitrator, nor Mr Michael Meadows, the umpire, had a pecuniary interest. There had been no bias, or even appearance of bias, in thn conduct of the arbitration.

In thn arbitration an award, subsequently confirmed by the board of appeal of the Grain and Feed Trade Association, had been madn by Mr Meadows in favour of a Dutch company in liquidation called Jean Delvvaux.

Cook subsequently discovered that a big creditor of Delvvaux was the Swiss Andre et Cie group and that Mr Scott was a director of an Andre subsidiary.

Another Delvvaux creditor was the *Dreyfus* group, for a subsidiary of which Mr Meadows was claims manager.

The judge rejected Cook's contention that Mr Scott and Mr Meadows had been disqualified from acting under *the GAFTA* rules by their "interest" in the transaction between Cook and Delvvaux because of the debts owed by Delvvaux to companies in the Andre and Dreyfus groups.

Neither man had known of those debts and did not have the kind of "interest" envisaged by the rules

Mothercare to create 200 jobs

MOTHERCARE, the baby prodncts group subsidiary of Habitat Mothercare, is to create 200 jobs at a distribution centre to be built at the enterprise zone in Wellingborough, Northants.

ECONOMIC DIARY

MONDAY: EEC Agriculture Council meets in Brussels (until March 27). FT Conference on private health care at the Hotel InterContinental, W1 (until March 26). National Union of Mineworkers Nollingham area council meets. Commons Budget debate ends.

TUESDAY: Balance of payments current account and overeas trade figures (February). British Aerospace preliminary figures. Mrs Margaret Thatcher meets unemployed young people from Merseyside al 10 Downing Street, SW1. Start of two-day meeting of Nato nuclear planning group in Luxembourg. EEC Industry council meets in Brussels. Air France cabin crews start three-day strike over emergency exists

WEDNESDAY: New construction orders (January). EEC Economic and Social Committee in plenary session in Brussels (until March 28). TUC General Council meets.

THURSDAY: Personal income expenditure and saving (fourth quarter). Industrial and commercial companies appropriation account (fourth quarter). New vehicle registrations (February). Energy trends (January). Employment and earnings by industry (January-detail). Unemployment and unfilled vacancies (February-detail). Opec oil ministers hold extraordinary conference to review enforcement of production limits.

FRIDAY: European Council holds summit meeting (until March 30). Arts Council statement on regional funding.

Societies put one point on mortgages

By Margaret Hughes

THREE of the five big building societies confirmed yesterday they would be increasing mortgage rates by 1 percentage point and investment rates by three-quarters of a percentage point.

The rates will apply immediately to new borrowers. will start paying the revised rate on April 1, the day the investment rates come into effect.

The basic mortgage rate of Britain'a largest society, the Halifax, will be 14 per cent. This will be charged on mortgages of up to £25,000. The next mortgege band up to £60,000 will be 14.5 per cent and all losns ebove that will cost 15 per cent.

The Halifax ronsidered increasing its mortgsge rate by more then 1 per centage point to ensure adequate margins. Its board decided agsinst this, it said yesterday. "in order to limit the impact on existing borrowers."

Th Nationwide and the Woolwich, which charge the lowest rate end the same rate irrespective of the size of the mortgage, will chsrge 13.875 per cent. Their investment rates will also rise by three-quarters of a percentage point.

Two other leading societies, the Leeds and Abbey National, will announce rates next week. Currently they charge the same basic rate as the Halifax but have different thresbolds and rates for larger mortgeges.

The rise of three-quarters of a percentsge point in the investment rates raises the ordinary share rate to 8.25 per cent net of basic rate tax, equivalent to 11.79 per cent gross. The Halifax and Nationwide seven deys' notice eccounts will pey 9.5 per cent.

The Wonlwich instant access Prime Account will pay a higher rate of 9.75 per cent (13.92 per cent gross), the same rate as the Halifax and Nationwide wil now pay on their 28 days' notice accounts. The Halifax and Nationwide 90 days' notice accounts will pay 10 per cent net (14.28 per cent gross).

Nationwide elso announced thet following the relaxetion of the limits imposed on the maximum investment which can be held in any one buiding society, individuals will be able to hold up to £250,000 in the society. Previously the limits were £30,000 for an individual and £60,000 for a jointly beld account in each society.

Inmos curbs working time

INMOS, Anglo-American microchip venture, is taking an extended Easter abutdown and halting full-time weekend working at its Newport plants, South Wales, because of the sharp fall in international semi-conductor demand.

The recent severe weakness in the market for memory devices bas already forced the company to lay off 7 per cent of staff et its U.S. production facility et Colorado Springs.

In a statement the compeny stressed it would continue to develop products to make it less exposed to extreme market cycles.

Stock Exchange chairman opens reform campaign

BY GEORGE GRAHAM

SIR NICHOLAS GOODISON, chairman of the Stock Exchange, began bis campaign yesterday to win support for reform of its membership structure.

Senior partners in stockbroking and stock jobbing firms met to bear him describe the proposals published this week.

Members attending the meeting said they bad not bad enougb time to study the propossls. Smaller broking firms did not use the meeting to air their criticisms.

"It was just a wsste of time, frankly," eaid one partner in a smell firm.

The plan requires firms to bold 50 shares ni the Stock Exchange, thongb small firms may seek dispensation to bold fewer.

Firms with fewer than 10 partners complain that they wili either have to tie up capital in more shares than they nede, or seek a dispensatoin from the Stock Exchange Council, whicb could be revoked at any time.

The principle on which the structural changes hinge, relaxation of rules limiting outsiders to 29.9 per cent holdings in Stock Exchange firms, is to be put to a members' meeting on June 4.

Sir Nicholas Goodison: Membership changes

Sir Nicholas confirmed at yesterday's meeting that the vote, which requires a simple majority, would include provision for proxy votiog.

Proposals whicb require changes to the Stock Exchange Deed of Settlement need a 75 per cent majority at e subsequent meeting.

Sir Nicholas will travel ronnd the country in Msy to discuss the plan with Stock Exchange members in regional centres. A similar meeting is expected for members in London.

Satellite TV group seeks talks with BAe

BY RAYMOND SNODDY

LORD THOMSON, chairman of the Satellite Broedcasting Board, which has not yet been formally set up, has written to Mr Leon Brittan, the Home Secretary, asking for permission to hold direct negotiations with British Aerospace to buy satellites for direct broadcasting by satellite.

The move marks the effective end of United Satellites, the joint-venture company of British Aerospace, British Telecom, GEC-Marconi which the Government helped to set up to provide a complete satellite system for broadcasters.

Unisat, it is believed, has already spent about £50m on the project.

A DBS consortium, comprising the BBC, the 15 independent television companies and five non-broadcasting organisations led by Thorn-EMI, has told the Satellite Broadcasting Board it cannot afford Unisat prices.

The Unisat quote for a two-satellite system, with the launch of the second satellite after three years, was more than £500m.

Lord Thomson told Mr Brittan the telks with Unisat were nearing an end and the DBS consortium wanted to explore the possibility of buying direct from British Aerospace to try to reduce the price. The consortium now believes the oniy way to make the project viable is to cut the cost by taking a larger share of the risk and operate the system itself.

Lazard Brothers, the merchant bank, is drawing up a financing plan for satellite purchase.

First indications are that this might make a profitable business possible. Projections for return on capital work out at 15.6 per cent. However this is a conservative figure which does not include advertising income or tax savings.

It is believed informal talks have already taken place between Lord Thomson and Admiral Sir Raymond Lygo, managing director of British Aerospace.

Lord Thomson, who is also chairman of the Independent Broadcasting Authority, said this week that up to 20,000 jobs might ultimately be created in the UK by a successful DBS project.

However be warned "It would be an own goal to insist on a buy British policy," unless the UK aerospace industry could provide DBS at the best price available.

● News International, the UK arm of Mr Rupert Murdoch's publishing empire, has been having talks with M Jacques Pomonti, bead of the French DBS project. News International has been talking about taking a stake in the company which will operate the TDF I and TDF 2 satellites.

ITV studies European cable channel

By Raymond Snoddy

THE independent television companies ara considering creating a live 18-bours-day Super Cbannel for cable television networks all over Europe.

The Super Channel would have the choice of the best of the ITV and Channel 4 and would include live transmission of TV-am, the commercial breakfast programme and the news programmes of Independent Television News.

The more parochial—or dull—programmes would be replaced with library material.

The Super Channel day would be split up into segments of programming to attract specialist advertising. The segments running would be, breakfast, leisure and children from 6.25 am to 3.30 pm followed by drama, entertainment, news, sport and late night programmes.

A coloured brochure on the service says: "The ITV Super Channel is designed to provide cable operators throughout Europe with a unique opportunity to offer their potentiel subscribers an exclusive entertainment chennel based on British ITV's successful daily schedule."

Mr Jeremy Taylor, cable and satellite executive of Central Independent Television, the Midlands ITV rompany end Mr Rod Allen, rontroller of development at London Weekend Television have been investigating the concept and producing a business plan for the ITV rompanies.

Super Channel has already been registered as a company name and the decision on whether to go shead will be taken by the Council of the Independent Television Companies Association (ITCA) in May.

European cable operators have expressed interest in the concept and first indications suggest the possibility of a vieble business.

If the go-ahead is given, the aim would be to have Super Channel distributed by the ECS8 satellite from 1986.

Super Channel will be judged purely as a business opportunity by the ITV companies but it also offers several strategic advantages. Some senior ITV executives ere worried that Rupert Murdoch's Sky Channal, the advertising based general entertainment channel, bas been given too much of a free run in Europe.

The ITV companies believe access to quality programming and close ties with major advertisers throngh their UK businesses might give them a decisive advantage over Sky.

The project would also give the ITV companies an important toehold in the new medium, should the direct broadcasting by satellite project in the UK fail to get off the ground.

If the Super Channel project starts it will probably include Thames Television. Thames was planning a European cable channel of its own but bas put the project "on ice" to await the outcome of the ITCA plan.

A separete Super Channel operating company would be set up and rights to use library material would have to ba negotiated with the performing unions.

Rowntree savours the sweet taste of success, reports Tony Jackson

Kit Kat marks 50 years without a break

IT IS Kit Kat's 50th birthdsy. This modest little confection—half chocolate bar, helf biscuit—has rome a long way since 1935. Its owner, Rowntree Mackintosh, makes it in six countries and licenses it in two others. Last year world retail sales totalled more than £300m.

Ooe of the remarkable things about the big brands in the chocolete business is their durability. Uoder the name of Chocolste Crisp and at a price of 2d (just under 1p), Kit Kat stole oo to the market in London and the South-east in August 1935. However it was enteriog a market already dominated by venerable iohabitants. Cadbury's Dairy Milk was 30 years old. Cadbury's Milk Tray — the original box of chocolates—was 20.

For Rowntree, Kit Kat's arrivel was part of a remarkable burst of innovetion. In 1933, the company leunched Black Magic. In 1935, within five weeks of the Kit Kat launch, Aero made its debut. The next year saw the arrival of Dairy Box, and a year later came Smarties. The company was blessed at the time with a quite remerkable marketing department; its head, Mr George Hsrris, became chairman in 1941 and held the post for 11 years.

Chocolate Crisp—"the biggest little meal in London," said the advertisments—became Kit Kat Chocolate Crisp in 1937. Four years lster, during the war, the name was shortened to Kit Kat, there being no milk evailable for milk chocolate. The full name was reinstated in 1947, but shortened again—for good this time—in 1949.

The brand was not the only thing to prove durable. The advertisement tag "have a break, have a Kit Kat," still in regular use, was introduced in 1957. It is remarkable thet two-thirds of Britons are younger than Kit-Kat, and one-third are younger than its famous slogan.

Aero, too, has not done badly. Its advertisements in the late 1930s said: "Yon get a lift." UK sales are about £50m, and worldwide sales £90m.

In sheer bulk, though, Kit Kat dwarfs that. It is not as big, even in the UK, as that perennial wonder the Mers Bar (also a product of the 1930s). However it is one of the few UK brands to have proved successful in the U.S. Rowntree will only say it is "among the top 10" in the U.S. congectionery market. There may be a touch of sour grapes there, through an agreement originally struck in 1969 the brand is made under licence in perpetuity by Hersbey, the big U.S. chocolete company.

Although Rowntree puts a brave fece on it, thet decision must be privately regretted. In the Hershey company town of Hersbey, Pennsylvania (each of whose street lemps is in the form of a company speciality, the Hershey Chocolete Kiss), the neat modern Kit Kat factory has been periodically expanded by the simple expedient of knocking out the back wall. Rowntrea, of course, enjoys a handsome royalty from its product's success; but it is not, somehow, the same.

Although big chocolate brands enjoy a lease of life which can only be envied in most other consumer industries, there is a curious paradox about the market. It might be thought that since Dairy Milk came upon the scene 80 years ago, every variation on a simple chocolate theme had been done to death. However, the British consumer, though loyal to old favourites, can produce surprising bursts of enthusiasm for new formulations.

Mention of the Yorkie Bar can still produce nervous twitches at Cadbury beadquarters. This was the simple block of milk chocolate with which, in the late 1970s, Rowntree made deep inroads ioto the market share of Dairy Milk. The even more dramstic success of the Wispa chocolate ber might be dubbed Cadbury's Reveoge, encroaching as it does on Aero.

The resilience of the old brands remains. For Dairy Milk and Aero, the temporary setbecks seemed nothing more than lapses of attention on the part of their owners. In each case, a qnick reformulation and relaunch saved the day. For the British chocolate eater the old ideas still seem the best ones.

WISPA TO BE SOLD IN U.S.

WISPA, Cadbury Schweppes' popular new chocolate bar, is to be made in the U.S. in the next few months, in preparation for a U.S. launch.

Cadbury Schweppes is spending $25m to $30m (£21m to £26m) on re-tooling its Hazleton, Pennsylvania plant to make Wispa, according to Wood, Mackenzie, tho Edinburgh-based stockbroker.

Cadbury executives were nnavailable for comment yesterday. According to U.S. trade publications, Cadbury has moved Wispa into the npstate New York market after a successful test in New England last autumn.

Advertising Age, the U.S. advertising industry magazine, reports that Wispa will be in full distribution in New York, Pennsylvania and New Jersey by the end of this year.

Wispa was introduced in the UK last year and Cadbury Schweppes says that sales are running at £80m to £100m a year, making it one of the most successful launches in UK confectionery.

Zero inflation 'still Tory aim'

BY IVOR OWEN

MR NORMAN TEBBIT, Trade and Industry Secretary, last night reassured doubters on the Conservative backbenches in the Commons who believed the Government bas abandoned the objective of achieving zero inflation.

He told the annual meeting of his Chingford constituency party, "The heart of our strategy has always been the reduction and elimination of inflation, because inflation destroys jobs and bolds back our economy. That remains our prime objective today."

Defending the Budget, Mr Tebbit acknowledged that the Government had come under increasing pressure to pump money into the economy in order to reduce unemployment, even if it resulted in higher inflation.

He eccepted that in the short-term this action might indeed bring unemployment down—but, in the longer term nothing could be more disastrous.

Mr Tebbit insisted inflation was not an alternative to unemployment, but one of its principal causes.

Mr Neil Kinnock, the Labour leader, speaking at Derby claimed the Government's economic policies had hit essential items in the average household budget harder than thet of any previous administration.

He maintained thet the Government was enforcing its incomes policy by squeezing jobs and cutting support for public services.

Mr John Moore, Financial Secretary to the Treasury, told a Conservative meeting at Kettering that the bigher thresholds introduced in the Budget meant thet 160,000 fewer people would pay tax at the higher rates.

Only those with inocmes of at least £18,000 would pay tax above the 30 per cent basic rate.

Heath urges no politics in famine aid

By Ivor Owen

ABHORRENCE of the nature of some political regimes in Africa must not be allowed to stand in the way of adequate aid for the victims of famine in Ethiopia and other areas, Mr Edward Heeth, the former Prime Minister, said in the Commons yesterday.

He called on the Government to take the lead in persuading Europe and the U.S. to cooperate in developing international aid to assure people in the sub-Saharan belt of a long-term future.

Mr Heath praised Government efforts in making an effective contribution to ensure that food reached the starving in Ethiopia, but urged it to assume an initiating role in promoting aid for the under-developed countries, rather than wait for a particular crisis.

He reminded critics of the Ethiopian regime contrasting famine conditions there with export of exotic foods to the London market that most under-developed countries had to raise money in any way they could to meet crushing interest and debt liabilities.

In many cases richer countries should be in a position to convert loans they had made to the poorest 30 countries into grants.

Mr Timothy Raison, Minister for Overseas Development, said that the financial year just ending the Government committed more than £100m to relief funds for Africa

Ministers visit Dublin for talks on Ulster

BY BRENDAN KEENAN IN DUBLIN

SIR GEOFFREY HOWE, the Foreign Secretary and Mr Douglas Hurd, the Northern Ireland Secretary, visited Dublin yesterday for talks with Dr FitzGerald, the Irish Prime Minister and senior members of his Government.

It is clear the discussions centred on efforts to achieve political progress in Northern Ireland, although no details were given. The presence of Sir Geoffrey, and the eppointment this week of Mr Christopher Patten, a junior minister in the Northern Ireland Office, to initiate discussions with the political parties in Ulster, is nroof that tbe Government is trying seriously to reach an agreement.

The two UK ministers met Mr Peter Barry, the Irish Foreign Minister, and Mr Dick Spring, the deputy Prime Minister, for formal discussions before Dr Fitzgerald joined them.

The Government has clearly rejected the view that it should bold off until after the May Northern Ireland local elections.

Ministers ergue it is aiwsys possible to find excuses for doing nothing in Ulster but Mr Hurd is determined to pursue the so-called "twin track" epproach, which involves seeking an increased role for the Irish Government while trying to nudge the Ulster parties towards an egreed edministration.

Stephanie Gray adds: Dr Garret FitzGerald, the Irish Prime Minister, last night hailed efforts by Ireland and Britain to resolve the problems of Northern Ireland as a move of great significance that "may, in time, ba seen to transcend the shores of these islands."

Speaking at the annual budget banquet of the Diplomatic and Commonwealth Writers' Association, he said a new approach was being made that required the accommodation of both sides in the North on an equal footing. It also needed acceptance that a change in the constitutional status of the area, involving a transfer of sovereignty, could not and should not take place without the consent of a majority of the people of Northern Ireland.

GEC likely to win contest for Yarrow warship yard

BY ANDREW FISHER, SHIPPING CORRESPONDENT

THE NEW OWNER of the state-owned Yarrow wsrship yard on the Clyde is expected to be announced next week, with General Electric Company likely to be successful in the bid contest with Trafalgar House.

Trafalgar, which last year bought the loss-meking Scott Litbgow offshore rig yard, and GEC have been the only companies in the running. The yard is expected to fetch about £30m.

Yarrow, part of British Shipbuilders, makes a profit on its large naval contracts. The present order-book is wall over £400m, moetly consisting of frigates for the Royal Navy. It employs 5,300 people.

BS has given to the Government the name of its preferred bidder, believed to be GEC, for consideration by Mr Norman Tebbitt, Secretary of State for Trade and Industry. GEC already has extensive interests in defence equipment.

Bids for Yarrow, and for the other warship yards being sold under the Government's privatisation policy, are being handled by Lazards, tha merchent bank.

A key point in the bid negotiations for Yarrow has been who would pay for any possible redundancies, although none of the bidders have announced plans for the workforce. An earlier management buy-out attempt foundered on leck of support from the workers.

BS's own redundancy scheme has been extended to 1986. It is not clear whether BS or the new owners would havo to meet the costs of job cuts. Yarrow has not had any job losses in the recent slimming of the BS labour force, but one potential buyer is thought to heve discussed cuts of several hundred jobs.

Swan Hunter, on the Tyne, now concentrating on naval work but formerly alan a merchant ship builder, is likely to be put up for sale in a few weeks. Preparation for a possible management buy-out begsn lsst year.

Also being prepared for sale are the hig Vickers submarine yard at Barrow-in-Furness, Vosper Thornycroft in Sonthampton, and Cammell Laird on Merseyside.

Shell cuts oil products prices

BY DOMINIC LAWSON

SHELL is to reduce is prices on a range of oil products. Fuel oil is to be cut by 1.5p per litre, and gas oil and derv for commercial customers will be reduced by 0.5p per litre.

Shell's announcement closely follows a similar move by Esso. Since the two market leaders hava moved, the rest of the oil industry is certain to follow. Both Shell and Esso give as their main reason the recent rapid strengthening of the pound against the dollar, the currency in which oil is bought and sold.

However, neither Shell nor Esso was willing to reduce the price of petrol at the pumps, which has risen from about 186p a gallon et the beginning of February to a current price of up to 204p per gallon. Even at the lower sterling/dollar rate two weeks ago, the larger petrol retailers were making money, but they are cleerly trying to consolidete the gains, rather than reduce petrol prices as their costs fall.

NUM voting could reject 50p levy

BY JOHN LLOYD AND ROBIN REEVES

THE EARLY indications on the voting on the National Union of Mineworkers ballot on its executive's recommendation to impose a 50p weekly levy to support sacked miners point to a potential majority against the levy.

Miners' leaders in a number of left-led areas were pessimistic of a majority in the ballot, which closed yesterday. The vote will be counted by the Electoral Reform Society today.

In Yorkshire, the biggest area, miners in the north and south of the coalfield were thought to have voted against the levy; the militant Doncaster field is thought to have voted for, with the Barnsley area believed to be evenly split.

The union's white collar section Cosa is thought to have registered a very high vote against, with some estimates reaching as high as 90 per cent.

The levy has been called for under the NUM's rule 33, which lays down that such a levy must be "submitted to the membership for approval." However, the Nottinghamshire and South Derbyshire areas have refused to participate, and have received legal advice suggesting that it could be challenged in court.

Pit managers have reported that miners have expressed objections to the levy, and have declared they would not pay the levy even if the vote went in its favour.

● Miners at Bedwas Colliery, near Caerphilly, South Wales, voted overwhelmingly to accept closure of their pit yesterday, as the result of severe damage to both its production faces during the year-long pit strike.

The end promises to be swift. The National Coal Board said transfers to other pits and voluntary redundancies would be implemented at the end of next week. This is in order to meet the new tax year.

But there was no formal closure announcement, reflecting the confusion which exists over the colliery review procedure because the miners' strike ended without an agreement. Mr Cliff Davies, South Wales deputy-director (mining) said only that there had been discussions about the problems of Bedwas Colliery over a long period.

"Men have worked against the most arduous geological conditions for many years and knew the difficulties of making any worthwhile recovery in the circumstances facing their colliery."

...But Mr Glyn Jones, South Wales leader of the pit deputies' union, Nacods, has claimed the closure move is in breach of its agreement with the NCB. The union's national officials are due to discuss Bedwas this weekend.

In yesterday's miners' vote, only about 40 of the colliery's 565 men are said to have backed their lodge committee's recommendation to try to fight to keep the pit open. The NUM meeting decision followed three days during which local NCB officials had interviewed 429 men individually to spell out their voluntary redundancy and transfer terms.

About 60 per cent of those interviewed opted for voluntary redundancy cheques ranging from £5,000 up to nearly £37,000. Those opting for transfer get payments of up to £1,550 depending on length of service. They will go to five other collieries within a 15 mile radius.

WORKING MINERS in South Wales had been unable to produce evidence linking the South Wales NUM to continued harassment of those who worked during the pit strike, the High Court was told yesterday, writes Raymond Hughes.

Mr Jeremy McMullen, for the union, said that the working miners now agreed to injunctions banning the union from organising mass picketing at five South Wales pits being ended.

When the union first applied two weeks ago to have the injunctions lifted, the working miners asked for time to investigate whether the union or its officers were behind crowds of people, many of them women, who were still shouting abuse at those who had worked during the strike.

Lifting the injunctions, Mr Justice Scott said they had served their purpose of protecting working miners during the strike. Now the strike was over it was right they should be discharged.

Walker urges leadership change

BY PETER RIDDELL, POLITICAL EDITOR IN NEWCASTLE

MR PETER WALKER, the Energy Secretary, yesterday appealed to rank and file miners to change the leadership of the National Union of Mineworkers at forthcoming local and regional elections.

Speaking to Conservative local activists at the party's Central Council meeting in Newcastle, Mr Walker urged a change in the NUM's leadership to people committed to the success of the industry.

He said, "I do not want a weak NUM. I want a strong union whose objective is for that industry to succeed."

The Government is hoping for a shift over the next couple of years in the political balance of the NUM leadership, both on the National Executive and at area and local level.

Ministers also do not want Nottinghamshire to split off but hope that the voice and votes of that area, with its majority of working miners, will help to shift the NUM nationally away from the influence of Mr Arthur Scargill, NUM President, and his allies.

In his speech he said he didn't believe the NUM leadership would succeed in having a national strike again without a ballot.

He added he was looking to miners to take command of the union at local and regional level to see that their leadership are people determined the industry should succeed.

Mr Walker added that if miners did that they would receive the enthusiastic backing of the National Coal Board and certainly also of the Government.

He stressed that it was crucial for the leadership of the union to be committed to its success and to improving productivity.

Mr Peter Walker: "I don't want a weak NUM"

Why unions are toeing the line on balloting

Philip Bassett on the background to the writ against the CPSA

THE Government's writ issued yesterday against the Civil and Public Services Association is unusual not just because it is the first time the Government has used the pre-strike ballot provisions of its 1984 Trade Union Act, but also because such action is becoming increasingly unnecessary. whatever they *say*, what unions are *doing* is complying with the law.

Even though there have been few cases so far brought under the Act, their message—particularly that of the Austin Rover dispute last year, when the transport union was fined £250,000 for contempt—is clear, and other unions have learnt it quickly.

The TUC is still going through an agonising exercise of worrying whether it should shift from its policy of blanket opposition to the Government's labour laws. Important though this is, its value as a barometer of real opinion must be open to question: one left-wing union official said yesterday his union would continue to insist on formal opposition in line with all eight points of the 1982 Wembley conference resolution on union law, even though his union was already reshaping many of its practices to comply with the law.

Events on the ground may be moving too quickly for the TUC; and in the wake of the outcome of the miners' strike, where the failure to hold a ballot is now increasingly recognised even on the left as being a decisive importance, few unions are willing to risk not holding a ballot.

The range of voting procedures in the Civil Service unions over their planned one-day strike on April 1, followed by a programme of selective action, illustrates how far the unions are moving, despite the TUC's stance.

● CPSA. The clerical-grade civil servants' union, led by an executive with a high proportion of Militant Tendency members, *has* been willing to risk not holding a ballot: the result was yesterday's Treasury writ.

Throughout the joint pay campaign planning meetings with other Civil Service unions, other union leaders have noted the CPSA's apparent lack of organisation over the mooted strike, and the insistence of some of its Militant leaders of their intention to defy the law.

This took practical form at a meeting of the union's Civil Service executive committee, which despite the strong advice from CPSA officials, voted 8-7 not to ballot. This tight vote was strengthened at a meeting last week of the union's full executive, which voted 14-4 to hold no vote.

Leaders of other unions were scathing that the CPSA left had thrown away the opportunity of opposing what all the unions saw to be a poor and ill-judged 3.9 per cent pay offer from the Government: they accuse the CPSA of presenting the Government with a stick with which to beat them, and further advance a divide-and-rule strategy.

CPSA left-wingers insist that they are sticking by union and TUC policy; right-wingers note that if they heed the expected High Court injunction, the union's left will be able to cover their poor organisation by blaming the union leadership, the Government and the courts.

Among the members, the result has been confusion: branch meetings have been held, but not ballots. The result of often loosely-organised branch meetings (so far, only about 40 out of 1,000) was running at about 5—3 in favour of the action.

● SCPS. Despite their union's national decision, many CPSA branches have been obtaining and then altering the ballot papers distributed by the middle-grade Society of Civil and Public Servants.

Though the SCPS's left leadership is often charged with marching ahead of its executive-grade members, this year the union has tried hard to consult, arranging up to 1,000 workplace meetings on pay, and even postponing the expected appointment till tomorrow of Mr Leslie Christie as its new general secretary.

The union's policy is firmly to oppose the Government's labour laws: its ballot paper, noting in line with the 1984 Act that "as is usual with any strike or industrial action, this could involve a breach of your contract of employment," shows a clear practice of compliance.

● IRSF. Members of the traditionally well-organised Inland Revenue Staff Federation have produced a high turnout—perhaps more than 80 per cent—though with a result (some votes still to come in) looking too close to call.

The IRSF has probably done most to comply with the law. Its ballot paper gives the clearest legal warning, asking members whether they agree to strike and take further action "notwithstanding the fact that this will involve you in a breach of your contract of employment."

Ballot papers were sent out for distribution to office secretaries, with voting times spread over the fullest extent of flexible working time, and two scrutineers appointed locally to oversee the count of each office result.

A very tight vote, even on a high poll, will be a problem for the union's leaders.

● CSU. So far, the members of the lower-grade Civil Service Union, hit hard by the effects of the Government's privatisation drive, are the only ones to be voting against industrial action: by about 3-1 so far, though the final results could push this even higher, to about 4-1.

Once again, the union has clearly complied with the law, both by the ballot itself, and its wording, as specified by the 1984 Act.

Ballot papers were sent out to branch secretaries for widespread distribution, again warning that voting yes "could involve a breach of your contract of employment."

Given the Government's writ, the Civil Service unions' balloting procedures mark most graphically the growing compliance with the law; but they are not alone.

Leaders of the National Union of Teachers have so far taken four ballots in the current teachers' pay dispute. The first, a national ballot on sanctions, took no account of the law. As a result, Solihull council took the union to court, forcing it to a local ballot there exactly in line with the Act's specifications.

Since then, there has been a national ballot of all 103 education authorities on disruption, and in addition the has balloted on its selective strike action where necessary.

Leaders of the National Graphical Association, one of the most vocal opponents of the Government's labour law, conducted a strike ballot among members involved in the new technology dispute at the Wolverhampton Express and Star newspaper; again, its wording complied with the law.

Finally, another left-led union, the National Union of Seamen, carried out a legally-unnecessary ballot of members on ships in the North-east blacking the transport of coal in the miners' strike. After strict legal consultation, its terms were exactly in line with the Act.

Right fears election split over AUEW succession

BY BRIAN GROOM, LABOUR STAFF

MR ALEC FERRY, the widely respected general secretary of the Confederation of Shipbuilding and Engineering Unions, is set to stand for the presidency of the Amalgamated Union of Engineering Workers in the forthcoming election to find a replacement for Mr Terry Duffy who retires in September.

Mr Ferry's candidacy will further split the voting strength of the right and centre and a growing number of officials believe that Mr John Tocher, the left's candidate, could top the first ballot.

The chances of an eventual left victory still remain extremely slim but a number of other elections are pending in the union and a good showing in the presidential campaign may help boost the left's chances.

The main presidential candidate of the right is Mr Bill Jordan, the Birmingham divisional organiser, but some members of the 10-man executive are likely to lend more support to the campaign of Mr Gerry Russell the executive member for the North-west and Ireland. Mr Ferry however is expected to attract the support of many local officials

The left vote has been holding up well in recent elections and Mr Derek Simpson the left-wing Sheffield District Secretary is tipped to win the forthcoming executive election for the Division 5 seat covering South Yorkshire and the East Midlands.

The Division Four seat—covering the West Midlands and North-west—could also move left and left-control of the small construction section of the union is expected to be reflected in the election for a replacement for Mr John Baldwin, the construction secretary.

All this is unlikely to lead to a left-dominated AUEW but the past five years of almost total right-wing control of the executive and the union's overall leadership may be on the way out.

● The ballot for the AUEW Foundry national secretary—following the retirement of Mr Bob Garland—may have to be run again after allegations that one candidate, Mr Jim Shaw, broke the rules by canvassing.

Dollar worries

NEW YORK

WILLIAM HALL

AFTER ITS sharp fall in the first two weeks of March, Wall Street began to recoup some of its losses this week, but the stock market remained in a volatile mood as investors tried to interpret the impact of the aharp fall in the dollar and the weaker economic numbers coming out of Washington.

Shearson Lehman Brothers, tha big brokerage firm owned by American Express, remains optimistic, noting that mid-February through March is normally a seasonally weak period in the stock market. Investors often withdraw money ahead of the April 15 income tax deadline. Consequently, it concludes that the consolidation of January's buying panic is "right on target."

Merrill Lynch, biggest brokerage firm on Wall Street, also continues to argue that the recent aharp setback in U.S. share prices from the March 1 peak of 1299.36 is no more than a temporary correction. The firm is expecting a resumption of the rally but its latest market letter warns that worriea about interest rates and the course of the U.S. dollar could keep the market in a do-nothing phase for a while longer.

Indeed the more optimistic observers believe the stock market has help up surprisingly well given the collapse in the U.S. dollar. Dealers have argued for montha that the dollar was hopelesaly overvalued against the European curreneies and only needed an excuse to unload their speculative holdings, auch as the previous week's run on the Ohlo savings banks.

A week ago the U.S. currency was trading above DM 3.38 against the West German currency and at 1.0830 against the British pound, By Thursday night in New York, the dollar had fallen below DM 3.20 and the pound had risen to 1.19. There are signs that many of the foreign investors who bad been riding the U.S. currency into Wall Street are having second thoughts.

The drop in the dollar's value could rekindle U.S. inflationary pressures, and the only good news for the stock market is that it should improve the short term earnings outlook for companiea whose exports have been hit or are facing fierce import competition because of the currency's strength.

According to Thursday's "flash" estimate of the U.S. Gross National Production (GNP), the U.S. economy grew by 2.1 per cent in the first quarter. These figures are frequently revised upwards but they were well below the 4 per cent that analysts bad been expecting and the quarterly inflation indicator pointing to an annual growth in prices of 5.4 per cent, was also worrying for the U.S. financial markets.

While the U.S. credit markets appear to have stabilised after February's sharp fall, they remain in a nervous mood ahead of next weeks Federal Open Market Committee meeting which sets U.S. monetary policy. Fears that the Fed might be forced to tighten have abated slightly partly dut to the weaker than expected GNP figures but the markets remain confused about the mixed economic signals on the strength of the U.S. economy.

U.S. abare prices rallied sharply on Tueaday but for much of the week they moved listlessly. On only three occasions in the last 14 trading days have advancing shares outnumbered declining shares on the New York Stock Exchange and although the overall market, as measured by the S & P 500 is only 2 per cent off its all time high, it is not showing the breadth of support which was so impressive in January when rising shares outnumbered declining shares on the big board on 19 straight trading days.

The market's mood has not been helped by the share price performance of some of the heavy weights in the Dow Jones industrial average. General Motors shares, which were trading around $84 in late January, have since fallen by more than $10. Several analysts were paring back their GM earnings estimates this week and a growing number believe that its 1985 earnings may be below last year's 14.22 per share.

MONDAY	1249.67	+2.32
TUESDAY	1271.09	+21.42
WEDNESDAY	1265.24	−5.85
THURSDAY	1268.22	+2.98

Sterling after the Budget

LONDON

ONLOOKER

IT WAS not so much what Mr Lawson said on Tuesday afternoon in hia Budget speech as what be did not say that was Important for the stock market. Pension funds bave escaped untaxed and the Cbancellor has done no more than tinker with capital gains tax.

The Budget had been widely expected to contain a further attack on the anomalies of the tax system, notably the removal of the tax privileges of pension funds. But far from cracking down on them the Cbancellor has, in effect, ruled out any reform in the life of this Parliament.

The lifting of that uncertainty has clear bullisb implications for the life assurance aector. It also means that the flow of money from the pension funds into gilts and equities continues undiluted by tax bills.

But generally there was little In the Budget for the equity market to get excited about. Unlike the Chancelor'a reforming Budget of a year ago this week'a effort was a very sober affair though it will, at least, serve to reassure the financial markets that restraint of inflation and support for sterling are high on the Governmeot's list of priorities.

Starling bas discovered fresh vigour, especially against the dollar which has been rocked by the Obio savings bank crisis and avidence of a sharp slowdown in the U.S. economy. At bome base rates came down as expected but the fall was limited to just a balf-point. The news for home owners is less good, with mortgage rates beading upwards by a point or more — another bear point for the likes of Barratt.

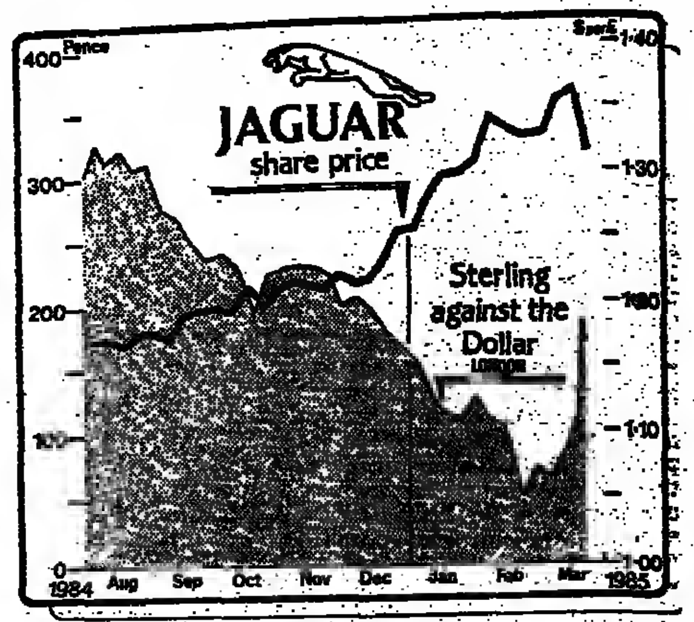
Post the Budget It seems likely that sterling should show a sustained recovery throughout tha year while interest rates look set to stay in double figures for a long while yet. Certainly the decline in base rates will be nowbere near as marked as some observera bad predicted earlier in the year.

The strength of sterling, albeit recovering from a bombed out level, could shift market sentiment against thosa UK companies with high dollar earnings. Jaguar is an obvious candidate for a rerating no matter how well its limousines are selling in the U.S. or how rapid its profits are growing. Another candidate for tha list of abares that are likely to underperform on the back of a weaker dollar is BAT. Lika Jaguar, the tobacco group's shares have been back-tracking this week.

The specific winners from higher sterling/dollar parities are as diversa as the losers though they obviously embrace those who will benefit from lower Input prices on dollar priced raw materials. They also include groups which bave been losing money in the U.S. For example, one or two composite insurance groups mentioned here a couple of weeks ago will be pleased to bear that each dollar lost no longer looks quite so bad In sterling terms.

The changes to the National Insurance contributions will be a plus feature for groups with low pay scales such as retailers and hoteliers whila an adverse impact on high wage paying businesses such as financial services and, dare we say it, newspapers.

Finally the usual Budget milch cows—drink, tobacco and petrol—have again been subjected to an increase in excise duties. Despite tha understandable groans from the various concerned trade bodies, the extent of the increases is fairly modest and should not cause any real problems.



Jaguar's profits

Jaguar's shares have had a rough ride this week despite news of the group's full year figures, showing a substantial improvement in profits. Having climbed from 165p, when privatised last August, the shares stood at 363p last week ahead of the results. By yesterday evening they were changing bands almost 15 per cent lower.

Because more than half its cars are exported to tha U.S., market traders have regarded Jaguar are a currency play. So when the dollar started to sag this week the shares inevitably went into reversa and then came the full year figures which, despite the improvement, did nothing to boost the price.

Bulls of the stock had assumed that the soaring dollar would push profits up to well over £100m. So tha actual increasa from £50m to £91.5m was branded as a disappointment. A slightly miffed management pointed out that the group hedges currency and so it *could* not make *magnificent* windfall profits ont of the dollar's rise. Equally, the directors rightly emphasised, currency hedging avoids unpleasant bumps when the exchange rates are travelling in the opposite direction.

Anyway, despite the market's cool response to the figures, Jaguar aetually had a very good year. Worldwide sales of its cars were more than 33,400 in 1984, which is a record for the company, amounting to an improvement of 5,000 over the previous twelve months.

The key element to the recovery has been the boom in sales to the U.S. where the marque once again commands a bigh quality image. Last year 55 per cent of its sales were made to the U.S. against just 16 per cent in 1980. So the importance of holding on to a slice of the U.S. luxury car market cannot ba overstressed. And, *despite the shift* in exchange rates this week, that market should still account for half gronp sales in 1985. The moment to start worrying would be if the pound reached, say, $1.50.

This year profits could move upwards to around £130m pre-tax, dropping the prospective p/e to under 8. That does not look expensive, though investors are bound to feel a degree of caution over longer-term prospects. Jaguar's profits are still built on one basic model and the successful launch of the XJ40—unlikely to appear this year—remains crucial to future profitability.

Barratt's dividend

For the second year running Barratt Developments sneaked its interim figures into the City under the smokescreen of the Budget. And the figures proved to be every bit as grisly as investors had feared. Pre-tax profits collapsed from £19.1m to a little over £4m.

But Barratt managed to surprise the market with a maintained dividend payout. Patently the historic yield of 16½ per cent before the announcement was assuming that the payout would have to be severely cut. Yet there is Sir Lawrie Barratt paying 2.31p per share from 1.4p of earnings.

The market, a little more intent on what was emanating from the House of Commons than from Barratt's Newcastle head office, appeared to suppose that the current year's final would also be held intact and the shares rose 12p to 78p on Tuesday. That, however, could be a rather dangerous assumption and, not surprisingly, the shares have since lost much of that initial gain.

To cover a maintained dividend Barratt would have to make profits of around £20m—and there is not much chance of that by the looks of it.

Possibly the dividend decision has some regard to the bid rumours that are swirling around. If management fears a predator, now would not be the time to do anything that could undermine the price. Almost 8½ per cent of Barratt is in the hands of the Kuwait Investment Office—an investor with some reputation for skilful trading in likely bid situations. Now could be a poor time for shareholders to desert the shares, especially as there is an even chance of the dividend being held this year.

Terry Garrett

MARKET HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1984/5 High	1984/5 Low	
F.T. Ord. Index	992.4	−10.1	1,024.5	755.3	Exporters react as pound rises
F.T. Gold Mines Index	505.4	+25.5	711.7	439.5	Weaker dollar boosts gold
Allied Irish Banks	102	−30	178	100	Irish Govt. rescues subsidiary
Appledore (A. & P.)	138	+19	151	85	Falmouth Shiprepair deal
BAT Inds	351	−25	386	175	Currency influences
BTR	706	−37	743	407	Currency influences
Berisford (S. & W.)	162	−12	218	158	Chairman's profits warning
Bestobell	230	−28	373	225	Annual results deferred
Britoil	228	+20	277	185	Better-than-expected figs.
Brown (Matthew)	415	+92	418	208	Hopes of counter to S. & N. bid
GRA	62½	+ 6½	80	46	Abolition of Dev. Land tax
Garnar Booth	220	+25	220	100	Broker's bullish circular
ICI	782	−33	885	526	Currency influences
Jaguar	314	−49	363	170	Currency influences/disap. figures
KCA Drilling	31	+11	40	19	Better-than-expected results
Messina	90	−30	345	90	Annual deficit
Royal Bank of Scotland	292	+16	294	180	Bumper annual results
Sale Tilney	570	+95	570	267	Persistent bid speculation
Scottish & Newcastle Brew.	131½	−11½	148	98	Bid for Matthew Brown
V. W. Thermax	43	−32	182	63	Poor interim results

Onshore jolt for oil explorers

Unlisted Securities Market

One of the few genuine surprises in the Chancellor's Budget came as a nasty sbock to a small unsuspecting USM oil company, Floyd Oil Participations.

The measure that took Floyd shares down 20p to 83p, and sent tremors through the market's whole oil sector, was an apparently minor change in the way Petroleum Revenue Tax is levied.

Up until now, oil companies have been able to reduce their payments of PRT—a tax on oil and gas production levied on top of standard corporation tax —by offsetting the costs of exploration carried out in the UK. This relief was seen by the Government as a way of encouraging companies to maintain exploration programmes.

But now, the relief is only to be available offshore, not onshore, exploration. The Chancellor argues that since the costs of exploring on land are only a fraction of those incurred in the North Sea, the extra incentive is unnecessary.

The change hits Floyd particularly hard because all its UK exploration activity is onshore —mainly in the East Midlands. To help fund the programme in the most tax-efficient way possible, Floyd bought an 0.5 per cent stake in Claymore, a producing oil field in the North Sea. It was an important investment, adding about £4m revenues to the £0.5m or so the company already bas in the U.S.

Now, much of the rationale for that purchasa appears to bave disappeared. Floyd this week said that the Chancellor's move had come as a "shock," but declined to discuss the implications until it had tima to look at the measures in detail.

However, Malcolm Brown, who covers USM oil companies for stockbroker Grievson Grant, estimated that RPT relief would have funded about £1.5m of the £2m Floyd is spending on UK onshore exploration this year.

He suggested that Floyd, which raised £3m in a two-for-seven rights issue in 1983, might need to turn to abareholders again next year as a result of the lost tax relief.

Floyd is alone among oil companies with North Sea production interests in having all its exploration activity onshore. But another company, Industrial Scotland Energy, which came to the USM last August, is also badly affected by the tax changes—it has exploration stakes in aouthern England as well as the North Sea. ISE sbares have fallen 20p to 145p since the Budget.

More generally, the changes could upset the calculations of other companies planning to start or to expand UK onshore drilling programmes, especially as they are now awaiting the allocation of new exploration licences in the Government's first onshore licensing round.

Stockbroker Hoare Govett makes no bones about the Chancellor's measures: "Some of the companies involved in onshore exploration are small, with limited cash resources, and the business of balancing their portfolio (exploration versus production) requires delicate footwork. Changing the rules halfway through the game scuppers the corporate plans of every company involved in onshore exploration."

So, given that the Treasury gains only about £10m in extra revenue from the tax change, why has the Chancellor changed the rules? The Department of Energy said this week that the onshore programmes were already sufficiently profitable without an "artificial" tax advantage. Several companies had last year bought North Sea production stakes (as both Floyd and ISE hava done) for tax reasons.

Now that the rules have changed, however, there will have to be some rapid thinking on the board of smaller oil companies. It would ba no surprisa to sea some changes of direction—for example, more investment in the U.S., where drilling coats are low and there are fewer environmental controls than in tha UK.

It might also turn a few companies into takeover candidatea —now that tha tax advantage of Floyd'a marriage between offshore production and onshore exploration has disappeared, it might be that the company's assets are worth more to someona else.

Stefan Wagstyl

Another shot at the goose

BY GEORGE MILLING-STANLEY

WHEN Mr Owen Horwood raised the temporary tax surcharge on South Africa's gold and diamond mines from 5 to 15 per cent in his 1982 budget, this column suggested that while he might have wounded the goose that lays the golden eggs for South Africa, at least he had not killed it.

This was largely because the move was accompanied by a promise that some of the additional funds raised would be used to maintain South Africa's enlightened system of state aid for the less profitable mines, which allayed fears that the scheme was about to be either curtailed or even abandoned.

A further increase in the surcharge, which is beginning to look increasingly less temporary, was announced this week by Mr Horwood's successor as Finance Minister, Mr Barend du Plessis. There was nothing by way of reassurance on state aid to soften the blow of the latest increase, and indeed the authorities nailed their colours firmly to the mast on reducing the scheme a year or so ago, along with a ruling to the effect that no more mines can expect to be admitted.

The surcharge had in the interim been raised to 20 per cent, and this week's first budget from Mr du Plessis brought a further increase to 25 per cent. The share market's main response was a collective sigh of relief, as a figure of 30 per cent had ben bandied about, but this did not prevent the heads of the big mining finance houses from making their ritual complaints about inequitable treatment.

These complaints had even less of a ring of truth about them than usual this year, as Mr du Plessis justified his move on the grounds that the big exporters of raw materials had been the main beneficiaries of the past year's weakness in the rand relative to the dollar, and would therefore have to do their bit towards propping up South Africa's faltering economy.

In most cases, this was quite true. Recent profits from most mining companies in the country, especially the gold mines, have been exceptionally high in local currency terms, even if dividends received in the hands of overseas holders have mostly suffered from the rand's exceptional weakness.

There were, however, a number of gold mines which used to the full their new-found freedom to indulge in a little bit of currency speculation, and those operations which spent the whole of last year expecting a fall in the value of the U.S. dollar, and backed this judgment with their money, came drastically unstuck.

They derived no benefit from the continued strength of the dollar, quite the reverse in fact, and will in future be paying even more dearly than they had expected for their failure to read the foreign exchange signals correctly.

At first glance, then, it seems curious that Mr Robin Plumbridge, chairman of Gold Fields of South Africa, should be the most vociferous in his complaints. The mines in his group, led by the rich Driefontein Consolidated and Kloof complexes, have throughout remained aloof from all hedging transactions, whether in gold or currencies, and therefore reaped the full benefit of last year's gyrations in the foreign exchange markets.

Looking a little deeper, however, Mr Plumbridge's motive becomes clearer. While the new rate of surcharge will raise the average level of tax on gold mines to just under 60 per cent, the top marginal rate will be around 75 per cent. It is, of course, the low-cost operations like Driefontein and Kloof which will suffer this penalty.

Mr du Plessis also gave the rest of the mining industry something to complain about. He introduced a surcharge of 15 per cent on top of the normal company tax rate of 50 per cent on all other mining companies, bringing their average rate to something like 57.5 per cent, broadly in line with that applied to the gold and diamond mines.

This seems certain to have a considerable impact on the fortunes of the coal and base metal producers, although the problem will be lessened for the platinum producers by their current and projected high levels of allowable capital spending.

Here again, one company stands out as having a particular grievance. Impala Platinum made such a mess of its foreign exchange dealings that its profits for the six months to the end of December fell by a quarter, even though it was operating under the same market conditions as its rival Rustenburg Platinum, which improved earnings over the same period by 86 per cent.

The increased surcharges should raise something approaching R100m more from the mining industry in a full year, which will be useful to Mr du Plessis in his efforts to restore the South African economy to robust health, but they are expected to reduce the distributable profits of the companies by less than 5 per cent. The goose has suffered another wound, but it is by no means as grave as some of the shrieks of agony would suggest.

● The compromise settlement which allowed the big Ok Tedi gold and copper mine in Papua New Guinea to reopen this week has two lessons to teach both companies and countries which are contemplating setting up big mining projects.

Firstly, mining companies are now more aware of economic realities than ever before, and will not pursue developments which seem unlikely to produce a reasonable rate of return merely in order to remain in favour with the governments of countries in which they would like to continue to operate.

The second lesson is that governments cannot be pushed around, even if they are as keen as Papua New Guinea to attract foreign investment in mining projects.

The PNG authorities have shown themselves to be firm in ordering the temporary closure of Ok Tedi when they suspected their private sector partners of wanting to pull out after making a quick profit, and fair in making sufficient concessions to the partners.

A friendly adviser's problem

I am a shipping clerk having some overseas friends who depend entirely on my advice for purchasing and selling unit trusts.

In this capacity I complete all the necessary forms which they sign. I receive their letters and leaflets which I translate into their language and spend a considerable time dealing with these transactions. As they are personal friends I do not charge anything for my services. The capital involved is £30,000.

I notice that the unit trust managers pay commission only to "approved intermediaries." What are the minimum requirements in order to becoming an "approved intermediary" (without leaving my current job).

We think you have in mind the marketing allowance which is payable to approved intermediaries. The question of who are within the categories of approved intermediaries has been under review during the last six months (hence the delay in responding to your enquiry) but from the end of this month the category will consist of those who have a Licensed Dealer's Certificate from the Department of Trade and Industry and members of NASDIM. The approval is given by the Association of Unit Trust Managers, who keep a register of approved intermediaries, this being a matter of internal self-regulation within that Association's rules. You can obtain further information from the Secretary to the Association.

Inheritance and a divorce

I was divorced in 1981. Currently, I am paying my former wife £450 per month as maintenance.

Last year, I inherited approximately £30,000 from my late mother. Recently, my former wife learned of this inheritance and—as a direct consequence—she now claims a substantial increase in the level of maintenance that I pay to her.

I believe that any increase for this reason would be unjust. It would mean that my late mother's bequest would be—in effect—redistributed in a way that clearly she did not intend.

My former wife's argument is that the level of maintenance should be based upon current circumstances (i.e. including my current assets), my argument is that maintenance should reflect the standard of living before our separation.

My former wife has now started legal proceedings. I have offered a small increase.

Can you advise me on the court's most likely ruling—if I let it go that far—on whether the inheritance should be considered?

Your present means are relevant. The court however will not necessarily make major inroads on the bequest if the will was made after your divorce. Without full details of your means we cannot guess at what the court will order.

Invaders in the garden

Some years ago, neighbours built a rear extension, the flank wall of which borders my parents' property.

Recently, the new owners of the house approached my mother and verbally asked if there would be any objection to their inserting a vent (as they described it) in this wall in connection with a central heating installation. My mother unthinkingly gave verbal permission and the work went ahead.

The "vent" has now turned out to be a very unsightly balanced flue outlet for a boiler, projecting from the wall and into my parents' property for about 6 inches. My parents are prepared to put up with the installation for the sake of good relations with their neighbours and are concerned with two particular points:

The extension of the flue into their garden and that the insertion of this flue (or any other vent) into the wall will effectively prevent any future owners of my parents' property from building a rear extension of their own if they should ever wish to do so, and this could effect the value of the house.

How can my parents rights in these two matters be safeguarded, in respect of themselves or any future owners of the properties concerned?

It is really too late for your mother to seek to protect her position. However she could try to get the neighbours to agree that their flue is not to be taken to inhibit your mother or her successors from building her or their own extension, and if that is accepted, write them a letter recording this, keeping a copy for herself.

The root of the trouble

A contractor on behalf of a utility company, is installing pipes along the path outside my house and the 1 ft wide trench is only one to two feet from my fenceline. In doing this he is cutting through the roots of both my privet hedge and the largest established trees behind. Should this kill or damage either privet hedge or large trees to the extent that I am obliged to replace the privet or fell all or part of a tree do I have rightful claim and on whom? What if the contractor's action so damages and/or destabilises a tree such that it later falls causing damage to life or property, who is liable?

You can make a claim against the contractor for the cost of replacing damaged plants. If there is a nuisance created e.g. a tree becomes dangerous, you might be able to claim against the contractor's principal, the company which is installing the pipes as well.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Clive Wolman examines the changes in Capital Gains

Investors off the hook

VERY FEW private investors will ever again have to pay capital gains tax, as a result of the ehanges announced on Tuesday—at least not on assets bought in 1982 or thereafter.

Investors have been holding off the saleof their assets in the hope that the Chancellor would sweep away Capital Gains Tax (CGT) in the Budget.

His changes were lass dramatic and much more tecbnical than simple abolition. But they will acbieve a similar result by allowing full inflation adjustment.

In all respects but one, the reforms will also simplify the calculation of CGT liabilities. If the Government's first attempt in 1982 to make some allowance for inflation drove you to an accountant, it may now be worth disentangling your affairs.

The 1982 indexation rules were so complicated because they were only a half-hearted attempt to get to grips with distortions thrown up by inflation. The new rules will limit any possible CGT liability to investors who realise real capital gains (made since 1982) after full adjustment for inflation.

For the last three years, indexation (inflation adjustment) of capital gains bas been subject to the following four limitations:

● The indexation applied only from April 1982, so investors whose assets marked up purely inflationary gains in the 1970s would still face large CGT bills wben the assets were sold.

● The problem of taxing purely inflationary gains was aggravated by provisions which allowed only partial indexation to be applied even after March 1982 to assets bought before that date.

● The indexation could not be applied to capital losses nor used to convert a nominal capital gain into a real capital loss for tax purposes.

● Capital gains on assets bought and sold within a 12-month period were not allowed to benefit from tha indexation provisions.

The rules introduced by Nigel Lawson after his year-long review of CGT, remove the last three of these limitations.

Consider the following examples of how the new rules will operate:

Case A: A' taxpayer buys shares for £100 in 1970. At March 31 1982, their stock market value is £1,000 and wben he sells them on April 9 1985 their value is £1,200. The Retail Price Index, which is used as the measure of inflation, bas risen by 14 per cent between March 1982 and April 1985.

Under the old rules, the indexation allowance of 14 per cent could be applied only to the original acquisition cost of the asset i.e. it was worth just £14. Under the new rules, it may be applied to the market valne of the asset on March 31 1982 and is therefore worth, in this case, £140. Previously, the adjusted capital gain liable to CGT was £1,200−(£100 + £14)=£1,086, giving rise to tax (payable at 30 per cent) of £326. Now the adjusted capital gain liable will be £1,200−(£100 + £140)=£960, giving rise to tax of £288.

Case B: An investor faces a capital gains tax bill for tax year 1985-86 of £1,000. But he has not taken into account shares he bought for £10,000 on April 1 1982 and sold for £10,400 on April 9 1985. The indexation allowance over the three years is £1,400, reflecting a 14 per cent rise in the RPI.

Under the old rules, the application of this allowance would have done no more than wipe out his nominal capital gain for CGT purposes. Under the new rules, be has registered a real capital loss of £10,000−(£10,400−£1,400)=£1,000. This can be used to rednce his CGT bill for the year from £1,000 to £700, i.e. by £300.

Case C: An investor buys sbares for £10,000 on April 1 1982 and sells them for £9,000 on April 9 1985. Under the old rules he suffered a capital loss, offsettable against other capital gains, of only £1,000. Because the indexation allowance over this period is once again 14 per cent. under the new rules he has realised a real capital loss of £2,400.

These examples understate the probable long-term benefits of the changes. The longer an asset is held after 1982 and the higher the inflation rate, the greater the impact of the new rules.

Their other advantage is simplification. Previously, the 12-month rule and the lack of symmetry between capital gains and losses meant that all individual shares had to be identified separately.

One possible disadvantage is that the investor may find it difficult to discover the market value of his assets on March 31 1982. For quoted securities, the information is readily available. But for shares in private companies and for real estate, lengthy negotiations with the Inland Revenue may be necessary.

A further danger of getting a March 1982 value put on such assets is that is may have undesirable consequences for your capital transfer tax situation.

Another factor is year-end tax-planning. The new rules come into effect only for assets sold after April 5, in the new tax year. In practice, you will probably not be able to sell your assets until April 9, after the bank holiday weekend. But you may want to realise some of your gains (or losses) in the current tax year, to make better use of the annual exemption of the first £5,600 of capital gains (£5,900 next year).

Your best strategy in such circumstances will be to sell only those assets which are unaffected or are least affected by the latest reforms.

Margaret Hughes on a building society deal

Your nesteggs in one basket

INVESTORS WITH large amounts to invest should soon start to get a better deal from building societies. The limit which an individual can invest in any one society has been removed in the budget. Until then an individual could only hold a maximum of £30,000 in one society and a couple in a joint account £60.000.

Individuals with £30,000 in their account can now have the interest which they earn on that balance re-invested in that account rather than having to have it remitted to them directly.

Instead of spreading funds through accounts in several societies — some have the maximum in five or six — investors can put all their funds in one society.

Societies are well aware that such investors will tend to go for the best returns and will be sensitive to interest rate changes. The societies will therefore be anxious to ensure that their accounts are sufficiently attractive to secure a major slice of this market, where they already face the greatest competition from the banks.

The Chief Registrar of Friendly Societies, who is responsible for regulating building societies, has issued prudential guidelines, based on the size of a society's balance sheet on the extent to which societies should take these large deposits. They will have most impact on the activities of smaller societies which would be most vulnerable to any volatile movements of large accounts. They will have little effect on the larger societies.

The Abbey National, for instance, with assets of £16.98bn would be able to hold balances up to £850m in such accounts and the maximum which any individual could hold would be £170m.

Balances of up to £250,000 are not, in any case, affected by the guidelines and societies do not anticipate many of those. They reckon that the larger balances are likely to be £100,000 at most. Anyone with such a sum to invest would do better by diversifying investments, putting some, for instance, into a unit trust which may be riskier but where the potential returns are substantially higher.

The guidelines do mean, however, that the amount which investors can put into societies will now vary from society to society and will therefore be more confusing for the investor. Considerable forward planning by societies will be needed, so that they do not find themselves operating a "stop-go" policy, sometimes being forced to suddenly stop taking large balances.

The number of account holders with large balances is relatively small.

Those with more than £25,000 in their accounts represent less than half a per cent of Abbey National's 6m account holders and just over 3 per cent of all building society accounts have balances of £10,000 or more. However, in terms of tha value of these balances those accounts containing £10,000 or more represent a third of the industry's total.

Much of this investment is in the longer accounts such as 90-day notice accounts. Competition with the banks is also fiercest here so investors may well see some better offers from building societies. One possibility is that they may increase the differential between these accounts and the ordinary share rate from the present 1.75 per cent to 2 per cent. At present these accounts pay 10 per cent net of basic tax.

Large account holders may be less happy with another Budget change: the requirement that societies will now have to inform the Inland Revenue when interest earned in any particular account reaches a certain level. Banks already have to do this when it reaches £150 gross. After April 6, when banks will also have to start deducting tax at source from depositors' income at a composite rate (CRT) this ceiling will be increased to £400 net of tax. Logically the same ceiling would apply to building societies but they hope they may be able to persuade him to allow them a higher ceiling.

Meanwhile on the mortgage side the Budget brought sighs of relief from higher rate tax payers. There have been continuing fears that mortgage interest relief at higher tax rates might be removed. However, the Chancellor has decided to bring larger loans within MIRAS (mortgage interest relief at source) from April 1987.

As things stand now, tax relief on larger loans will be deducted at source at the basic rate on the £30,000 portion which is eligible. Tax relief at the higher rate will continue to be effected through the individual's tax code within the PAYE system.

Borrowers with large loans have the option of joining the scheme before April 1987. Existing borrowers with large loans also have the right to do so but are not required to. However, borrowers will find that their repayments in the early years will be higher than they would be if the larger loans were kept outside MIRAS.

Two societies, the National Provincial and the Guardian operate a different scheme called the "gross profile," which is similar to the pre-MIRAS system. Others, such as the Halifax and Woolwich, offer it as a noption. The advantage is that repayments are lower in the early years.

A building society customer pays in

George Graham on pension contributions

What comes after the hard sell

ONE OF the strongest rumours flying around before tbe Budget was that the Chancellor would start to tax pension contributions.

Insurance companies took full advantage of the panic to sell their personal pension products. Some companies, such as Friends Provident, raised the commission they paid to brokers on self-employed pension plans for six weeks before the Budget, to encourage new business.

Customers clntching new pension plans may feel that they were sold too bard. And since the Chancellor has left pensions untoucbed, they may be wondering if they can now back down.

The short answer is no. Unlike life insurance contracts, personal pension plans have no compulsory ten day "cooling off" period to allow the customer to have second thoughts.

If you simply stop making your regular payments, the insurance companies are unlikely to make too much fuss. Some have provisions in their pension contracts allowing you to reduce the payment or stop it altogether. But you would say goodbye to wbat you bave spent already.

The money you have invested so far will be locked into a fund to grow until you retire. But if you bave only made one or two payments, all of your money will have gone to paying initial fees and commission to salesmen; none will yet have been invested on your behalf, so there will be no fund to grow.

Commissions on pers-˙al pension contracts could be 50 per cent of the premium spread over two years. If they were sold by a registered insurance broker they would rise to 57½ per cent.

Under the law governing self-employed pensions the insurance company cannot normally give your money back to you until you are 60—unless yon are not elegibile for this kind of pension, in which case it must give it back.

To be eligible you do not have to be self-employed, but yon must be in "non-pensionable employment"—at least some of your earnings must be from a job where your employer does not offer a pension scheme.

Tha insurance broker can claim some justification for rushing you into a pension contract. Last year, many people took out last minute life insurance contracts just bef-˙˙ tax relief on these was abolished. But the Inland Revenue is questioning whether many of these are in fact eligible for relief, on the grounds that the contracts were not 100 per cent signed and sealed by the cut-off date.

For some people the Budget panic will have provided the final impulse to push them into pension arrangements that they should have begun years before.

But if you feel you have been sold a plan that is not suitable for your needs, there is very little you can do except grin and bear it.

Malcolm Gammie and **Frances Corrie** on income tax

The winners and the losers

FOR MOST taxpayers earning between £4,680 and £13,000, the net effect on their comparative incomes for the 1984 tax year and the year from April 6 1985 is very straigbtforward. The increased single person's personal allowance from £2,005 to £2,205 will leave him just £60 better off. For a married man the increase from £3,155 to £3,455 will give an improvement of £90. Couples where both partners earn will benefit from the increase in both allowances.

At levels of earnings below £4,680, the reductions in rates of National Insurance Contributions (NIC) will also increase net pay once the changes take effect from October 6 1985. The group most likely to benefit from these changes are young single earners or part-time workers. They give a maximum increase of about £115 in a full year for someone earning just under £55 per week.

However, if you are a single earner at between £13,000 and £16,100 you may actually find yourself £10 per year worse off after April 6. A married man at the same income level gains just £20 per year. This is because the upper earnings limit for NIC will be raised from April 6 from £13,000 to £13,780 as announced last autumn. For those earning over £13,780 the NIC at 9 per cent on the additional £780 will cost £70, so more or less balancing out the benefit of the increase in personal allowances. Beyond £16,100 there is again a net benefit. Although the higher rate thresholds have increased only in line with inflation, in money terms the saving in tax more than outweighs the additional NIC.

The retired have done less well recently than those earning. The age allowance given to those aged over 65 has only increased by some 15 per cent over the past two years, from £2.360 in 1983-84 to £2,690 in 1985-86 for a single person and from £3,755 to £4,255 for a couple. This is markedly less than the nearly 24 per cent increase in the main personal allowances over the same period. In money terms the benefit of the Budget will be the same as for earners at most levels of income, that is £60 for a single person and £90 for a married couple. Over a certain level of income, the age allowance is progressively withdrawn by £2 for every £3 of income over the limit until it reaches the level of the basic personal allowances. The limit has been increased from £8,100 for 1984-1985 to £8,800 for 1985-86. Those with income between £8,100 and £10,000 (married) or £8,100 and £9,528 (single) will enjoy a greater increase in their net income.

For the small businessman, the changes to NIC complicate the position yet again. After last year's Budget the reduction to 30 per cent in the small companies' rate made incorporation look much more attractive. The removal this year of the ceiling for employer's contributions for NIC introduces effectively a payroll tax at 10.45 per cent for earnings over £13,780 as far as the company is concerned, although the employee will pay a maximum of £1,240, 9 per cent on £13,780.

By contrast the self-employed person will be slightly better off in the year from April 6: the flat rate Class 2 NIC is to be reduced from October 6 from £4.75 to £3.50 per week and tax relief is to be given on half the Class 4 NIC contribution levied at 6.3 per cent on profits between £4,150 and £13,780: the maximum Class 4 charge is £607, so on profits over £13,780 the benefit will be the tax saving on £303—that is £91 at basic rate, or £182 at the top rate of 60 per cent.

The figures shown reflect the changes in net income from the alterations to NIC and income tax for the same level of income and take no account of any increase in income anticipated in the coming year. Similarly, the net figures do not reflect the declining value of the money income in purchasing terms. No adjustment has been made for child benefit or other benefits whieb might be claimed, and no allowance has been made for pension contribntions.

The gross income level shown should therefore be regarded as the level of taxable income after deducting such contributions, but at levels of income below [illegible]3,780 that would affect the total NI payable. Where pension contribntions are paid the employee would normally also pay NIC at the lower contracted-out rate of 6.85 per cent on earnings over £35.50 per week (£34 in 1984). Mortgage interest is assumed to be paid under MIRAS. Where relief at the higher rates of tax is due gross income is assumed to be net of the effective amount of that relief.

Malcolm Gammie and Frances Corrie (the authors) work in the National Tax Office at Thomson McLintock/KMG.

SINGLE PERSON

	84/5	85/6	84/5	85/6
Income	15,000	15,000	30,000	30,000
Less: tax allowance	2,005	2,205	2,005	2,205
Taxable income	12,995	12,795	27,995	27,795
Tax payable	3,898	3,833	10,392	10,097
NIC*	1,170	1,240	1,170	1,240
Net	9,932	9,922	18,438	18,663

* Reduced from 6-10-1985.

MARRIED COUPLE—TWO EARNERS*

*assuming no election for separate taxation of earnings

	84/5	85/6	84/5	85/6
Income	15,000	15,000	30,000	30,000
Less: tax allowance	5,160	5,660	5,160	5,660
Taxable income	9,840	9,340	24,840	24,340
Tax payable	2,952	2,802	8,815	8,373
NIC	1,350	1,310	1,530	1,560
Net	10,698	10,888	19,655	20,067
(Wife's earnings £4,000)				

PENSIONER COUPLE:

AGE ALLOWANCE £4,255 (£3,955 in 1984/5)

	84/5	85/6	84/5	85/6
Income	8,500	8,500	12,000	12,000
Allowance	3,688	4,255	3,155	3,455
Taxable income	4,812	4,245	8,845	8,545
Tax	1,444	1,273	2,653	2,563
Net	7,056	7,227	9,347	9,437

SELF EMPLOYED (MARRIED)

	84/5	85/6	84/5	85/6
Income	240	214	240	214
NIC Class 2				
(reduced from 6/10) Class 4	286	274	570	607
Personal allowance	3,155	3,455	3,155	3,455
Taxable*	5,345	4,908	26,845	26,241
Tax	1,603	1,472	9,817	9,320
Net	6,371	6,540	19,373	19,859

*After deduction of ½ of NIC Class 4 amount

Perks set for comeback, reports **Lionel Barber**

Loopholes to beat tax on talent

THINK AGAIN, big firms told the Chancellor after his changes in national insurance contributions for companies employing highly-paid staff. If Mr Lawson refuses to budge, then companies who reward high skills with high salaries are likely to search for new ways of remunerating their top staff.

Fringe benefits are the most obvious escape route because they do not fall within the NIS net. "It would be a retrograde step," says Parry Rogers, personnel director at the electronics company Plessey, "but I can see companies going back to perks."

According to the relevant Department of Health and Social Security circular (NP 15), there are still plenty of loopholes an employer can exploit to avoid what critics like Rogers have dubbed Mr Lawson's payroll tax on talent."

Perks such as company cars are subject to income tax on their deemed value, albeit o large undervalue, so there is no such thing as a free ride for the employee. But for the employer, the company car reward must now look more attractive if the Chancellor succeeds in scrapping the upper limit on NIS contributions for those earnings more than £265 a week (£13,780 a year) from October.

At the top end of the wage scale, for instance, a member of staff earning £80,000 a year would currently cost his company £1,400 in NIS contributions. Under the Lawson plan, the company's contributions will rise to more than £8,000 a year, with the whole salary being taxed at 10.45 per cent.

The problem arises where companies have already exhausted their supply of perks. But there is plenty of scope for imagination. Three shirts costing £100, packaged and delivered to the company's top salesman would, for instance, save the company £10.45p in NIS contributions if the top employees, used to receiving cash bonuses, wear this.

One other possibility is improved pension arrangements, though there are Inland Revenue approved limits. The difficulty here is that most employees would prefer to see cash in the hand now rather than benefits supplied some time in the future.

Perhaps the community most affected will be the City of London. Here there is a strong tradition of cash bonuses. They may have to rethink their incentive schemes; and they

should bear in mind that cash benefits such as overtime, holiday pay and maternity pay do fall within the remit of NIS contributions.

Some accountants believe that any wholesale switch back to the tax avoidance industry, a creation of the Labour government's incomes policies in the mid-1970s, will not happen overnight.

Mr Rogers is not so sure. "The changes in the NIS contributions reverse the government's policy of encouraging payment in cash rather than payment in kind."

How to give without paying CTT

George Graham on what to do with the money the Chancellor gave you.

THE CHANCELLOR has left more money in your pocket by increasing income tax allowances — and now you can give more of it away without having to pay Capital Transfer Tax.

You can now make gifts worth up to £67,000 in any 10 year period without having to pay any CTT. This threshold is raised from £64,000 — in line with the rate of inflation, as every year.

If you give away more than that, the rates at which the tax is calculated remain the same. But the bands at which those rates start to bite also increase from April 8 in line with inflation (see table).

These rates apply to the slice of your gifts that fall within each band. If you give away £100,000 in one 10 year period during your lifetime, you will pay no tax on the first £87,000; 15 per cent on the next £22,000 and 17.5 per cent on the last £11,000 — a total of £5,225.

Apart from your £67,000 exemption — which covers the cumulative total of all the gifts you make in a 10 year period — you are entitled to further exemptions. These have not

You may give up to £3,000 in any one tax year—on top of your £67,000 limit—and up to £250 to any one person, free of CTT.

You may also give £5,000 to your son or daughter or £2,500 to your grandchildren when they get married.

Husbands and wives can transfer as much as they like to each other without paying CTT —an exemption you can take advantage of to reduce your CTT bill.

One last bit of good news if you have a house of outstanding historic or architectural interest. The land adjoining it can in certain circumstances be exempt from CTT, but the Chancellor has now extended this relief to land that does not actually adjoin the building.

NEW RATES FOR CAPITAL TRANSFER TAX

New bands	Rate at death	Cumulative	Lifetime rate	Cumulative
£'000	%	tax due £	%	tax due £
0-67	0	0	0	0
67-89	30	6,600	15	3,300
89-122	35	18,150	17.5	9,075
122-155	40	31,350	20	15,675
155-194	45	48,900	22.5	24,450
194-243	50	73,400	25	36,700
243-299	55	104,200	27.5	52,100
Over 299	60		30	

BT blazed the trail for tax concessions, says **David Cohen**

Now it's all-ahead for discount shares

BRITISH TELECOM set records for employee participation with its flotation last November. But it also blazed a trail with new tax concessions—designed for BT's benefit but now also available to employees in other companies' share schemes and further enhanced in Tuesday's Budget.

Apart from being given 54 free shares, each employee had the right to apply for up to 1,600 shares at a discount of 10 per cent to the price at which the shares were offered to the general public.

This discount offer was a complete innovation made possible by a change in tax law introduced by the 1984 Finance Act.

Whenever employees acquire shares in their company for less than the full price they are charged income tax on the amount by which they have underpaid. So BT employees who accepted the discount offer will be taxed on the discount element as if they had received it as extra salary. But until last year that would have been only the start of their tax problems.

They would then have bad to pay further income tax on the amount by which the shares increased in value during the first seven years of ownership. This charge has never applied where an employee acquired shares as part of a general offer to the public. But where employees were offered shares on better terms thao the public—even though at ibe same time they were always regarded as being outside the scope of the general offer.

The seven-year tax charge was so severe that companies naturally shied away from discouot offers, and only gave their workforce the chance to buy more shares than everyone else, but oo the same terms.

The new law is that employees escape the extra tax charge even if they do get their shares at a discount. They still have to pay income tax on the discount but after that they are treated just like ordinary non-employee shareholders so that their only potential liability is capital gains tax on ultimate disposal of the shares.

flfbpj

There is a widespread impression that the government introduced this relief specifically for BT's benefit. The company's personnel director, Michael Bett, made this claim at a recent European Study Conference on employee share schemes.

The Inland Revenue indignantly denies it, naturally objecting to the idea that anybody—even BT—is influential enough to shape tax law in this way. Whatever the truth of the matter, the concession is now available for ell companies going public.

The other tax concession BT won was for a profit sharing scheme under which employees can be given annual handouts of shares worth up to 10 per cent of salary, to a maximum of £5,000. Provided the employee does not sell the abares for a specified period, be or she pays no tax at all on their original value and only capital gains tax on any increase in value.

Two main factors explain the relative unpopularity of such schemes until now: first, the length of time before employees can cash in—seven years, compared with only three years under approved option schemes; second, companies often wish to concentrate share benefits among higher paid executives and can do so freely under an approved option scheme.

This week's Budget eased the first problem. The Chancellor announced a reduction in the retention period from seven years to five — though the change won't actually take effect until the Finance Bill becomes law in the summer.

BT bad already found a way to circumvent the second drawback. As a condition of participating in BT's profit-share scheme, an employee had to buy one share for every two he was offered free. If he was not prepared to buy the "matching" share, he forfeited his right to the free shares.

Such a requirement seems certain to favour higher-paid employees and this is borne out by the differential acceptance rates of the various grades of BT staff.

The Inland Revenue acknowledges that it should have refused to approve the BT scheme because of this in-built bias in favour of the higher-paid. However, several similar schemes had already mistakenly been approved and the Revenue felt bound to follow its own precedent.

If there was ever a chance of that precedent being overturned it must surely have disappeared now that the BT scheme has been approved in such a blaze of publicity.

David Cohen is a solicitor practising in London.

Accountants set up hot-line for public

George Graham finds a way to ease financial woes.

WHAT DOES the Budget mean for you? If you bave questions about your financial affairs, you can ring the Chartac Moneyline and have them answered by volunteer chartered accountants. The number is 01-588 0545.

The Moneyline is set up by the London Society of Chartered Accountants, and it will be manned on weekdays between 2 pm and 7 pm from Monday, March 25 to Thursday, April 4.

Your questions don't have to relate to the Budget. Volunteers have been told to expect a mucb wider range of problems: is my tax code correct? Is the building society tha right place for my savings? what can I do when my debts become unmanageable?

The objective of the Moneyline is to encourage people to seek belp from qualified accountants and to dispel the belief that only the very rich can do this. In many cases the main advice that the Moneyline volunteers will give is that you should consult an accountant.

One way you can make immediate use of the services of a chartered accountant is to write off for the Budget booklets produced by all tha major accouoting firms. You could try Spicer and Pegler, St Mary Axe House, 56-60 St Mary Axe, London, EC3; Peat Marwick Mitchell, 1 Puddle Dock, London, EC4; Price Waterhouse, Southwark Towers, 32 London Bridge Street, London, SE1; or Thomson McLintock, 70 Finsbury Pavement, London, EC2.

An everyday tale of budget-wise folk . . . by **Clive Wolman**

The dodges to benefit one and all

ON TUESDAY afternoon, Rebecca Massey sat sipping coffee on a sofa strewn with legal documents unable to decide who was irritating her more—Nigel Lawson reading out his Budget speech over the radio or her husband, George. He was jabbering away down his conference telephone line, interpreting the contents of the Budget to his fellow-directors.

"The computerisation of PAYE . . . to be completed only by 1987," said George, repeating the Chancellor's explanation for postponing reform of the taxation of wives. He snorted. "The Revenue has already taken 23 years to get this far. Lawson must know his words will be forgotten long before they finish."

George is the finance director and 20 per cent owner of Greasy Widgets, a small unquoted company whose planned production of self-inserting underwater micro-screws driven by magneto-hydrodynamic solar panels was discussed on these pages a year ago.

Rebecca was getting impatient. "What about our wretched bungalow in Worthing?" she hissed. "Will the new tax rules let us get rid of it or not?"

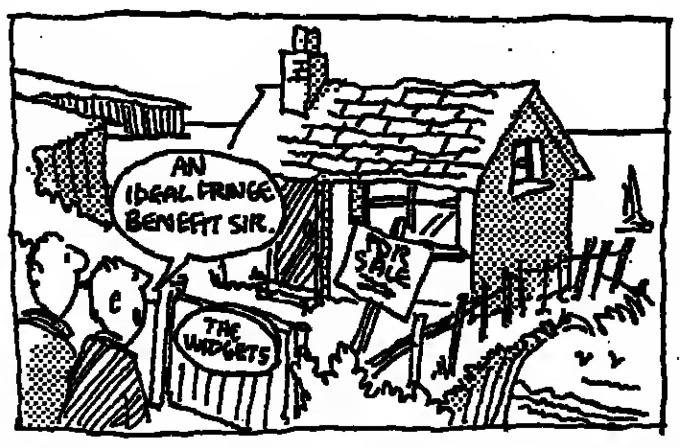
She went into the kitchen for more coffee but darted out again, when she heard the Chancellor talking about the taxation of pension funds. George had slumped back in his seat, his face frozen in a contorted expression. After a long silence, he said to no one in particular: "After all that fuss, he's not going to do anything—no tax on pension funds."

Rebecca raised her eyes to the ceiling and then looked down on the floor which was covered with pensions and other financial marketing literature.

"What are we going to do about these ridiculous pension plans you've been spending all our money on over the last two weeks, dashing around like a mad man? What about all those plans you've been flogging to your colleagues?" Similar murmurs of discontent could be heard emerging from the telephone speaker.

The answer was that they could do little but pay up. Fortunately for George, the Chancellor had now moved on to talking about capital gains tax.

Rebecca returned to the sofa. This was the tax change which would determine whether they could sell their weekend seaside bungalow in Worthing. The bungalow was bought for £5,000 14 years ago with the money Rebecca's father had left her and now formed part of a rather inactive property business the Masseys were running. During the week, they rented out the bungalow for £4,000 a year to a marketing company. The estate agents reckoned it could now be sold for about £50,000.



George's resistance to the sale proposal was bolstered when he calculated that about £12,000 of the gain would have to be handed over to the taxman. For more than a year, he had delayed any moves to put the bungalow up for sale by insisting that the Chancellor would soon get around to abolishing capital gains tax.

But Rebecca had tired of the weekly excursions to the seaside bungalow, particularly over the past two years since her second child had gone to nursery school and she had returned to nearly full-time work as a clerk at Greasy Widgets. She reckoned that with the money from selling the bungalow, her money, they could afford to go away and stay in a hotel at least one weekend in two.

"What's he talking about? What does it mean?" she asked George impatiently, as the Chancellor delved into the technicalities of indexation and anti-bondwashing provisions.

"Not now, not now," said George.

Rebecca stormed up to him and switched off the telephone line. "I'm fed up of hearing your 'not nows'," she said. "I'm fed up of spending every Friday evening trying to get everything together to go to Worthing, everything down to the children's last toy and teddy bear. I'm fed up of spending every Saturday morning in the kitchen and every Sunday evening cleaning the place up after you all." And with that, she walked out of the house.

It was 11 o'clock in the evening when she returned. George was still playing with figures on the table. "I think I've found a solution," he said, smiling nervously. "You don't dislike Worthing or the bungalow itself, do you? It's only the organisation that gets you down."

He lowered his voice. "Well, what we do is enlist the help of the taxman is to get Greasy Widgets to do all the cleaning and all the cooking, in fact everything for us. I've just been discussing things with the boss."

"You see, you walked out before the most interesting part of the Budget," he said. "The Chancellor may call this a Budget for jobs, but it's really a Budget for fringe benefits. That's the effect of making employers pay National Insurance Contributions on higher salaries."

"But why shouldn't we just sell the house?" asked Rebecca irritably. "The Budget changed capital gains tax, didn't it?"

"Yes it did—but not enough to our advantage. All it's done is to allow the capital gains on the bungalow to be fully adjusted for inflation since 1982. But over the past three years, prices have gone up by only about 14 per cent. At the most, we could get an extra £6,000 knocked off our capital gain if we sold the house for 50. But we'd still have to pay about £10,000 tax."

Instead George proposed that the house be sold to Greasy Widgets in exchange for extra shares in the company. They could then avoid any immediate CGT bill by relying on roll-over relief. CGT would be payable only when the Greasy Widget shares were sold many years hence, by which time the new indexation provisions would reduce the taxable gain substantially.

Greasy Widgets could buy the property by using the surplus money it had raised this year under the Business Expansion Scheme. The BES grants investors full income tax relief at their top marginal rate on investments in unquoted companies.

"We raised so much money that we couldn't possibly waste it all on producing widgets," said George. "So we're diversifying into property. But we can't do too much as the Chancellor has said he is clamping down on property-dealing BES companies."

The real advantage of the sale would be that Greasy Widgets, while continuing to rent out the bungalow during the week, would make it available for the Massey's at the weekend. The company would also pay the fuel bills, a cleaning woman's wages and most of the costs of catering over the weekends.

The free accommodation would be taxable as a fringe benefit, but on only about a quarter of its true value, as the tax is based on outdated rateable values. As George often entertained potential South Coast investors in Greasy Widgets, the catering costs would probably not to be taxed as his income—although they would also not be tax-deductible for Greasy Widgets (unlike most business costs). But as its corporation tax rate had now been cut to only 30 per cent, well below George's 50 or 55 per cent marginal rate, entertainment expenses were becoming a tax efficient form of remuneration.

An equally important advantage of using fringe benefits is that they do not give rise to additional National Insurance Contributions. The Budget, explained George, would for the first time remove the upper salary limit on NIC, previously fixed at £13,000 a year. From October a company would have to pay an additional £104.50 in NIC, effectively a tax, for each £1,000 of higher salary—unless the salary was paid in the form of fringe benefits.

This consideration also made car benefits and savings-related share option schemes more valuable.

The other way of avoiding the 10.45 per cent NIC that George proposed was by foregoing his £15,000 a year bonus, half his total salary. Instead he and the other director-owners of Greasy Widgets could pay themselves dividends for the first time out of their profits to make up the shortfall.

"The game used to be to convert unearned dividend income into earned income," explained George. "But last year the Chancellor abolished the unearned income surcharge — and this year he's replaced it by an earned income surcharge in the guise of National Insurance. So now, earned income is out and unearned income is in."

There were two possible disadvantages to taking dividends in place of salary. The employee's contributions to his pension scheme would be limited—but this could be overcome by the company increasing its contributions. The other drawback, that higher dividends might boost the value of the company for capital tax purposes, did not concern the Greasy Widget directors immediately.

The reduced rate of both employers' and employees' NIC for lower paid workers also made it worthwhile for Rebecca to receive a cut in her pay—in exchange for dividends from her small share-holding. By reducing her salary to below £90 a week, the combined NIC would be cut from 18 to 14 per cent of the entire amount.

Rebecca looked with what she hoped was a critical gaze at George's lists of figures. She was secretly delighted that the weekend housework would be taken away from her but felt out-manouevred by George's fast footwork.

She decided to change subject: "I've heard the Chancellor is going to give complete independence to wives in their tax affairs."

"Oh yes, it's not happening tomorrow," said George with a sarcasm lost on Rebecca, "but as soon as it does, I shall let you arrange all your financial affairs yourself."

The Masseys' Calculations

Masseys' income	1984-85	1985-86 pre-plan	1985-86 post-plan
George	£	£	£
Salary	15,000	15,000	15,000
Bonus	15,000	15,000	—
Benefits: car	1,125	1,237	1,237
Fuel	750	825	825
Accommodation	—	—	1,428
Fuel bills, etc	—	—	250
Entertaining	—	—	1,600
Rates	—	—	400
Total remuneration	31,875	32,062	20,140
Joint investment inc	4,000	4,000	4,000
Company dividends	—	—	1,500
Total income (pre-tax)	35,875	36,062	39,540
National Insurance (contracted out)	(983)	(983)	(983)
Income tax	(12,766)	(12,388)	(14,905)
Share options/mortgages	(3,562)	(3,562)	(3,562)
Disposable income	18,564	19,129	19,890
Rebecca			
Salary	5,000	5,000	4,600
Company dividends	—	—	400
National Insurance (contracted in)	(450)	(450)	(322)
Income tax	(898)	(838)	(918)
Disposable income	3,652	3,712	3,760

Direct cost to company of employing the Masseys in 1985-86

	Pre-plan	Post-plan
Salaries	20,000	19,600
Bonuses	15,000	—
Dividends	—	15,400
Employers' National Insurance		
for George	3,135	1,567
for Rebecca	838	718
Total cost	38,973	37,285

Source: Spicer and Pegler

Robin Pauley on tax thresholds

Borderline cases

THERE ARE some potentially expensive wrinkles for the low paid and employers of the highly paid in the Budget changes to National Insurance contributions. With regard to the low paid, low pay increases near to the various National Insurance thresholds will suffer a very high marginal rate of combined tax which could cost more than £1 for a £1 pay rise.

The problem of high marginal rates always occurs when any taxation burden rises in steps. As the Budget changes have introduced more steps there are more potential high marginal rate levels, known as "cliff edges."

The changes mean that employees, taken on at a low wage, must be careful in assessing the impact of a rise at the cliff-edge levels.

Under the scheme an employee will pay no National Insurance until his wage reaches £35.50 a week when he will pay the new reduced level of 5 per cent. On a wage of £35 he will pay nothing and keep £35. A rise of £1 to £36 will mean he must pay £1.80 National Insurance, leaving him a net 80p a week worse off.

The next cliff edge occurs at £55 a week when the new low 7 per cent National Insurance rate comes in and when a wage is also liable to income tax. A wage of £54 a week will suffer £2.70 deductions; a rise of £1 to £55 will result in an extra £1.15 in National Insurance and an extra 30p in tax, a net loss of 45p.

The third new cliff edge occurs at £90 a week when employees move into the 9 per cent NI band. The extra cost in deductions resulting in a £1 pay rise on a wage of £89 a week is an extra 87p on National Insurance and 30p on tax totalling £1.17, a net loss of 17p.

Employees will stay in the 9 per cent contribution band until their wage reaches £265 a week when they will become liable to a flat rate payment of £23.85 a week.

John Edwards on taxed profits

Bright new futures

PRIVATE INVESTORS should benefit most from the Chancellor's decision to change the tax treatment for dealings in futures and traded options. Until now there has been considerable confusion, with the Inland Revenue refusing to be specific, over how profits made in the futures markets are taxed. It has been a grey area, but in practice many investors have found that any profits made from dealings in futures are treated as unearned income and come under the dreaded case VI of Schedule D.

This meant that any profits they made on their dealings in commodity or financial futures would be taxed as miscellaneous unearned income at their top marginal rate. As usually only the wealthy can afford to take the risks of playing the futures markets—this meant typically suffering a tax rate of 60 per cent.

On the other hand, if the investors made a loss they could not offset that against their earned income or even against their regular investment income.

This lack of symmetry will be ended on April 6. Thereafter, all profits made from futures (and traded options) dealing will be treated as capital gains.

This may mean paying no tax at all on profits to the extent that an investor can use up his annual capital gains tax exemption which next year will be £5,900. Moreover from next year gains on contracts held for less than 12 months can be reduced for tax purposes by the rise in the Retail Price Index during the months in which the asset is held.

On any remaining tax liability, the capital gain will be subject to a rate of only 30 per cent.

In addition, investors suffering losses in futures transactions will be able to offset them against all other forms of capital gains, whatever their source, including, for example, share dealing profits.

Since private, rather than trade, investors are the ones who have mainly suffered from being taxed under Case VI, it follows they will gain most from the change to capital gains. At the same time, however, funds investing in futures on behalf of clients, which have been forced offshore to avoid the punitive UK tax rates, will now be encouraged to come onshore.

F.W. THORPE P.L.C.—Interim Results

In yesterday's edition the turnover figure for 1984 was printed incorrectly. An amended version appears below

F.W. THORPE P.L.C.

(Manufacturers of "Thorlux" quality lighting equipment)

UNAUDITED RESULTS FOR HALF YEAR TO 31 DECEMBER 1984

	Half year to 31st December 1984 £	1983 £
Turnover	3,149,075	2,839,751
Trading profit	342,483	311,017
Interest received	107,080	75,708
Profit before taxation	449,763	386,725
Taxation	202,393	193,362
Profit after taxation	247,370	193,363
Interim dividend at the rate of 1.40p per share (1.30p)	42,991	39,920
Retained profit	204,379	153,443
Earnings per share	8.06p	6.30p
Payment date	15 May 1985	16 May 1984

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Government funding policies have put the national institutions under pressure. The lead is being taken by many enterprising independent museums, which are finding new ways to attract visitors.

Fresh ideas replacing the glass cases

BY ANTONY THORNCROFT

THE MINISTER for the Arts, Lord Gowrie, who is responsible for the great national museums and art galleries, believes he has done well for his charges in 1985-86. He has increased their subsidy for building maintenance and repair by 15 per cent to £28.7m and found another £1.5m for conservation and display.

But the museums and art galleries are not happy. While giving with one hand Lord Gowrie took away with the other, reducing the purchasing grants by 12.8 per cent to £8.1m.

The result is that while the Victoria and Albert will get some much-needed cash to repair its leaking roof and generally disintegrating building, the National Gallery, with a purchasing grant of £2.75m will not be able to buy even one masterpiece.

So our museums and galleries may have been saved from falling down but they are being starved of cash to keep open.

They have had their grants to cover their running costs raised by 3 per cent but if their workforce, whose pay is easily the major item of expenditure, gain an increase of more than 3 per cent this year then the constant round of cheeseparing and corner cutting will continue. No wonder the museums and galleries are examining alternative ways of raising revenue.

The most obvious is admission charges. The National Maritime Museum in Greenwich introduced such charges a year ago. Its director, Dr Neil Cossons, came from the marketing-minded Ironbridge and is keen to raise the image of his museum.

In the first year Greenwich will have gained £310,000 net in extra income for a drop in attendances of about 10 per cent to about 540,000. With the cash he has been able to open the museum on Mondays, start to refurbish galleries, and finance a £100,000 advertising campaign.

His success has been watched with keen interest by the other major museums. The general feeling is that if others follow the Greenwich example the rest will follow in time although some, like the British Museum, very much dislike the concept, which they feel strikes at the very heart of the traditional British approach of free access to museums—as well as going against the wishes of benefactors.

In December, the Imperial War Museum, with a major rebuilding appeal under way, followed the method of the Metropolitan Museum, New York, of not actually enforcing an admission charge but strongly encouraging one through the use of turnstiles at which a contribution can be made. Dr Alan Borg, its director, hopes to raise £100,000 a year for his appeal this way.

Dr Roy Strong of the V & A, for long an opponent of any charges, has softened his opposition in the face of the general financial crisis facing museums, and the V & A could well introduce some exhortatory scheme for visitors in the summer.

But the museums are inhibited from trying to raise extra revenue from admission charges, or from their bookstalls, restaurants, merchandising shops and other features, by Treasury restrictions which take away, in the form of a lower grant, any additional revenue that they bring in.

There is a formula which returns some of the cash in a later year, but there is a general feeling among directors that it is inhibiting trying to improve a museum's financial position if the Government puts you back to square one by cutting aid.

Greenwich had to get a special dispensation that its admission revenue would not be held against it, and now a government committee is examining the whole problem. Its report has been postponed, but if it does decide that the museums can be more entrepreneurial and still keep their grants, a much livelier time can be expected.

Already the museums have responded to the fresh thinking about displays shown by the independent sector. The Natural History Museum has taken furthest the need to give the public what it wants, rather than try to retain the old didactic approach. The success of its specially-formed design teams in transforming the museum has made it an advisory centre, too.

Under the director Dr Roger Miles, an expert on museum display, it has become a noisy, colourful place, as visitors crowd around the "hands-on" exhibits. It currently has on offer the first museum exhibition for the blind and partially-sighted in the UK.

Eager

Its success has not only won it a *Museum of the Year Award* but has resulted in over 2.5m visitors a year—a figure just pipped by the British Museum, and more comfortably exceeded by the Science Museum.

All the major museums are eager to prove that they, too, are not in the "things" business but the "people" business; it is lack of cash which is holding back the streamlining of displays and a more popular approach.

For example, museums such as the V & A have had to curtail their past penchant for the large-scale exhibition; instead it is mounting special displays of objects from its own collection. There is a lot to be said for this approach because most museums (the National Gallery is an exception) can only display a limited number of the objects in their care.

In contrast, the Tate continues to mount impressive shows (currently the St Ives artists, recently Stubbs, and the Pre-Raphaelites) because it has been able to find sponsors for major events.

All the museums are anxious to attract commercial help, and to expand the role of the Friends of each museum in fundraising. The museums have also benefited from the emergence of the National Heritage Fund and the continuing support of the National Art Collections Fund.

Strangely enough, the hundreds of museums operated by local authorities are not in the dire straits that might have been anticipated in a world of rate capping and cuts in government aid. Local councils like the idea of their neighbourhood museum, and there have been no permanent closures.

On the other hand, local authorities receive cash from the government in the rate support grant to finance museums and not all of them do so. It is about time that local museums made the same fuss as the performing arts groups when their annual grants are frozen: they enjoy more goodwill among their community than most other recreational facilities.

One sector of the museum world which is suffering badly is the university museums, which are experiencing real cuts in their revenue. This not only affects the service they can offer the general public but also their scholarly role.

It is a pity that the Government has not taken up the recommendation of the Drew Report and made at least three university museums—the Ashmolean, Oxford, the Fitzwilliam, Cambridge and Manchester, eligible for state funds.

Britain's great museums and art galleries are one of the glories of the nation. Apart from educating and entertaining people they are a considerable tourist attraction.

The Government seems to recognise their importance, but at only marginal extra cost it could safeguard and develop their future rather than force museum directors to spend so much time worrying about money rather than showing their collections.

Monastic calm at the Burrell Collection, housed in a new gallery in Glasgow

Independents look for sponsorship

A FLOCK of sheep will be herded through the streets of the City of London on Tuesday, on their way to the Guildhall. There they will become part of a day-long exhibition in the crypt designed to convince businessmen that museums can be fun.

The Association of Independent Museums, *a grouping of* 550 commercially-slanted ventures, is organising the event, along with the Association for Business Sponsorship of the Arts.

Fifteen museums will display items from their collections in the hope of dispelling the belief that such places are boring. The logical next step is that companies should consider museums as a worthy recipient for arts sponsorship. Citibank obviously thinks so—it is sponsoring this event.

The fact that 30 new museums open each year suggests a healthy interest in this sector. Some of the new ones want to shake off the old description, which deters so many potential visitors: phrases like "socially-motivated businesses" are mooted. But museums are stuck with the designation, and must ensure that their fresh and entertaining approach will convert the public to their attractions.

Today's museums can be very lively places. In one of the most successful new ones, the Jorvik Viking Centre in York, visitors observe the exhibits from a mobile "time car." A total of 800,000 should enjoy the experience in its first year of operation, making it one of the top ten admission-charging tourist attractions in the country.

Its well-established competitor in Hampshire, the National Motor Museum in Beaulieu—which has 500,000 visitors a year—is this summer introducing a similar concept—a travelling "pod" which will whisk the public past a hundred years of motor history in a new attraction called Wheels.

Beaulieu has been going for 30 years and is aware of the need for constant innovation. Wheels is costing £1¼m, but the Kenning motor group is making a major contribution. Beaulieu has discovered that while tourism is growing slowly the number of attractions on offer is increasing very rapidly.

And museums are not only in competition with other museums. The good weather last summer made the beaches a rival; in the winter the DIY boom syphons off potential customers.

Where one touches a popular *nerve it quickly prospers.* In recent years industrial museums have become immensely popular, not least those based on defunct coal mines. Two already attract good attendances, and a third, Caphouse Colliery in Wakefield, should open next year, with local authority aid.

Boats afloat in the canal basin at Exeter Maritime Museum can be boarded and explored. In the background is Brunel's dredger Bertha, the oldest working steam boat in the world

One of the earliest and most successful industrial museums is at Ironbridge Gorge, in Shropshire, which, from one small building in 1959, now has six distinct collections stretching down three miles of a river valley which can claim, with some justice, to be the birthplace of the Industrial Revolution.

Awards

Ironbridge has raised many millions in sponsorship over the years, with Shell a major contributor, and now attracts 300,000 visitors a year. More to the point, it generates over 80 per cent of its revenue through its own efforts.

Ironbridge is now being challenged in prestige, and awards, by the Quarry Bank Museum, in Cheshire, a 200-year-old mill which has been brought back to life. Visitors can buy its cloth, and its success won it the Museum of the Year trophy in 1984.

But echoes of bygone industry need not stretch back to the historical past. A venture devoted to early computers is already being planned.

Some industries are in danger of over-supply. There are almost 100 museums built around the British love of railways, and 40 devoted to the motor car. Still on the theme of vehicles, one of the major new museums to open last year was the multi-million pound National Motorcycle Museum, adjacent to the National Exhibition Centre in Birmingham.

In the south, the success of the Mary Rose project, which has attracted 200,000 visitors to a display of the finds in its first year, has spawned a rash of nautical and dockland museums, not least in London's dockland where the Museum of London and the National Maritime Museum, both plan to open satellite centres.

But the boom in small museums catering for popular nostalgia about country life may be over—the Countryside Collection, in Martham, Norfolk, which attracts 20,000 visitors a year, is up for sale.

In contrast, the Weald and Downland Open Air Museum in Sussex, which, on a 40-acre site, displays rural buildings, many saved from demolition elsewhere, has proved a great success, with 179,000 visitors last year.

Competition for the visitors' limited cash means that only those developments which can offer a fresh and unusual experience will prosper. But even they would like aid from sponsors.

A few companies—Mobil, ICI, BP, Marks and Spencer, Glynwed among them—have supported museums, and there is increasing interest in the company museum. Bass Charrington established the first brewing museum in the UK at Burton, and Harveys of Bristol has a wine museum.

Pilkington, Colmans and Samuel Smith are among many corporate museums which are run for their public relations spin-offs rather than for profit. Wedgwood plans to re-open an expanded museum in June. There is even a museum of street lighting, near Leighton Buzzard, organised by Concrete Utilities, who are big in this field. Such company-run enterprises are tax deductible.

One sector which has faced problems is the military museums. As regiments have been merged so have their collections, or they have fallen under the control of uncommitted new controllers. But like all museums that have been forced to close it is not a great loss—invariably the collections move to a more thriving place.

Taken along with the competition for the visitor's purse, the flood of new museums may reduce. But the energy and imagination which has created this thriving new part of the leisure industry should ensure that most will survive and many will continue to flourish.

ANTONY THORNCROFT

MUSEUMS AND GALLERIES—2

Galleries well placed

BY COLIN AMERY

GALLERIES ARE for two kinds of people — those who collect and those who like to look—and these two distinctions apply to both the public galleries and private commercial ones.

The major public galleries are the main sources of our knowledge about art but they are essential also for the art market—their attributions can often decide the price. The smaller commercial galleries are also sources of infarmatian far anyane interested in painting and aculpture, but it is important to remember that their first interest is the market.

London is one of the two most huoyant markets far art in the world. The other is New York but somehaw Londan has the edge, because of its proximity ta Europe and the cultural links with farmer colonial territories that are now providing well-heeled custamers in London — from the Middle East, Hang Kong and Singapore.

The strategically-placed auction houses Sotheby's, Christie's and Phillips are the focus far the market—almost everything depends on them.

While there can be na dauht that the Museum of Modern Art in New York acts like a stock exchange af artistic values with a commercial bias, in Britain the public galleries play a slightly mare subtle role. They maintain standards of scholarship and add, where finances permit, to their collections.

They also add to their premises—indeed at present there is a spate of building activity. The Tate Gallery has announced definite plans for a new "Tate of the North," to be built in converted warehouses on the Albert Dock in Liverpool. This £9.5m scheme is to be funded in two stages by Merseyside Development Corporation and the Office of Arts and Libraries and a substantial sum (£1.5m far the first phase) ta be raised by the Trustees from private sources.

The architect is to be James Stirling who has already designed the Clare Wing at the Tate in London — this exciting addition is designed to house all the Turner pictures and is expected to open in April 1986.

On the remainder of its site the Tate has lang-term plans to build three new extensions: a gallery for contemparary sculpture, one for the "New Art," and a special building for art af the twentieth century. A new library and publicatians sectian is also a part af this plan which covers the next 15 years.

Plans

The National Gallery has not been so fartunate with its plans far an extensian. The recent architectural competition has ended in a stalemate and it is likely that the Trustees will revert ta the ariginal idea af building an extensian ta accupy the whale of the site awned by the Gallery and nat let a commercial occupier take up more than half the space with affices.

Funding an extensian that is entirely gallery space is likely ta be the most difficult prablem facing the Trustees but they are clear that only with a new extension can a praper re-hang and reordering af the existing galleries take place.

There are still tentative plans for a new National Partrait Gallery to be built on a site near the Festival Hall an London's South Bank. If this was to happen the Natianal Gallery could take aver the space currently occupied by the NPG and utilise all the available gallery space.

In 1986, the Whitechapel Art Gallery proposes to open extended premises with excellent new facilities designed by the architect Alan Colquhaun. Also in Londan, there are plans ta design a new headquarters far the Conran Foundation—at present based at the Boilerhause at the Victaria and Albert Museum—on a new site at Butler's Wharf in the Docklands.

The Conran Faundation's particular cancerns are with the history and development of design and industry and it looks well set to take aver in this field from the established Design Centre. Design is no longer a fringe area for the art market—there is a growing interest among collectors in the artefacts and designs of the nineteenth and twentieth centuries.

Outside Londan, the movement of the Government's resources into regionally-based areas of growth has meant that there is encouragement for new building, provided funding can alsa be raised locally. The recently-enlarged Museum of Modern Art in Oxford is a good example af local enterprise.

The buoyancy af the London art market has been considerably encouraged by the rising value af the dollar—same commercial galleries report a faurfold increase in turnover in the past year. American collectors seem keen ta buy almast anything and London scarce here because the market is less susceptible to fashion.

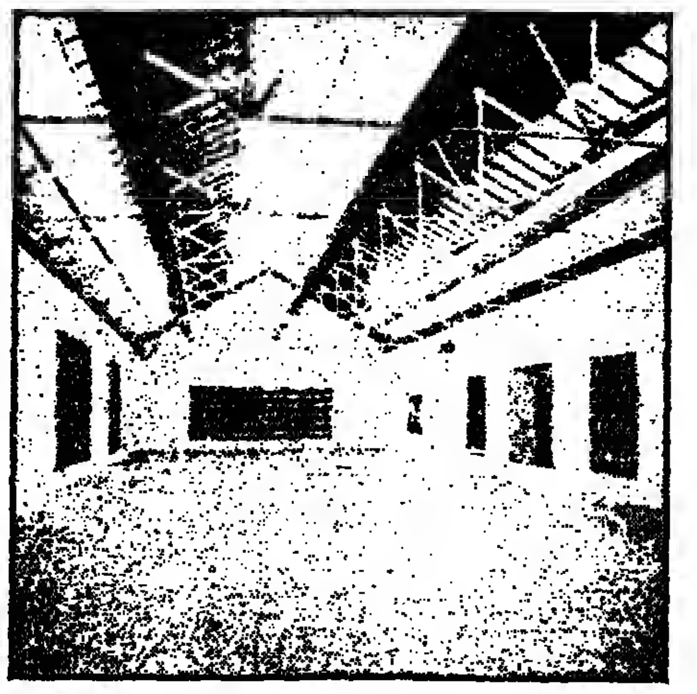
Far example, there is mare scepticism here about the "new art"—wark af German and Italian expressionists wha are boosted by New York collectars and galleries. The influence of majar collectors such as the Getty Museum cannat be underestimated—and their demand for "blue-chip" art has strained the top end of the market.

"New" collecting cauntries such as Australia and new museums that burgeon all over America ensure a canstant demand and matching high prices for all forms of fine art. Several Londan dealers are naw investing in high-quality decorative arts—furniture, metalwark and textiles—with half an eye an the Getty's expansion in that area.

One remarkable example af shrewd collecting has produced the first large-scale private gallery devoted to madern art ta apen in Landan for a lang time. The Saatchi Collection af cantemparary art has been put together over the last 15 years by Charles and Doris Saatchi. Spending something like $2m a year, they have assembled a major callection that naw has its awn gallery in St John's Wood.

They have a definite preference far the kind af modern art loved by the New York market and they clearly hope ta influence afficial collectars like the Tate by suggesting the directians in which contemporary collecting has gone.

Art collecting has always been subject ta fashian but it is alsa true that only real quality lasts. Much contemparary art will undoubtedly end up in the basements and stores af public collectians. Market trends are not always a guide to quality and we are aften the worst judges af the art of aur own time.



The newly-opened Saatchi Collection, in London, concentrates on a relatively small number of artists, with minimal art forming the core of the collection

Vikings return to York

BY ANTONY THORNCROFT

ARCHAEOLOGY is an increasingly popular interest but one that has not been well served by museums in the past—rows of flints and shards in glass cabinets is the traditional display. But the Jorvik Viking Centre in York has built ane of the most successful, and innavative, of museums around the findings of an archaeological dig.

As it approaches the end of its first year, Jorvik is already amang the top ten admissian-charging taurist attractians in the cauntry, with mare than 800,000 visitors, as against a first-year target of 500,000.

It combines historical rectitude—with the exhibits coming from the five-year archaeoligical dig on the Coppergate site that it occupies—with the most sophisticated presentation methods: visitars journey into the past on electronically guided "timecars."

York, in the tenth century, was the most important Viking city in Britain. Just how flourishing it was archaeologists discovered when they investigated the Coppergate site in the heart of York, just before a new shopping centre was built there.

Faur rows of buildings were unearthed, together with many thousands of objects, and the York Archaeological Trust decided to preserve the find far future generatians. About £2.6m was raised to construct a museum aver the site.

After an introductory display, which aims ta dispel the myths about the Vikings, the visitor boards a faur-seater "car" which sets aff down the time tunnel, passing a procession af figures which evake the past, from the Second Warld War back ta Norman times. Then a full-scale reconstruction of Coppergate in Viking times is reached. There is a street scene with market stalls and craftsmen, the interior of a hame, and a river wharf with a sailing ship.

Atmosphere

Far added atmosphere there is a sound track in Old Narse and a concoction of the smells af the time—from fresh apples to sewage. The "car" then passes the archaeolagical dig, with the ariginal timbers as discovered by the excavators and now preserved.

After their 13-minute journey "through time" visitors are encouraged to see the archaeological laboratory where conservation continues, and a display af 500 of the 15,000 objects unearthed by the project.

Jorvik is a mixture of the educational and the commercial. York Archaeological Trust is registered as a charity, but a separate subsidiary, Cultural Resource Management, was formed to exploit the museum. It affers design, marketing and aperational skills to other heritage projects, runs two shops, and produces a mail order catalogue of gifts with a historical bias. Turnover of CRM was £2.2m in tho first year and its profits go back to pay off the loans and for archaeolagical research in York: three important digs are under way this year.

The York Archaeological Trust asked visitors to the excavations what they were particularly intrigued by, and the museum was constructed in response to popular appeal. Hence the concentration on everyday life and such exhibits as pieces for board games, jewellery, and the bricabrac of the home, and also human excrement—rich in bran and full of intestinal parasite eggs.

Ironically the most important find on the site, a warriar's helmet, dates from Anglo-Saxon times and does not qualify for the Jarvik, but a holagram is on show on the exact spot where it was excavated.

One other key discovery was a mint, with two iron dies for striking silver pennies. An identical mint has been reconstructed in the museum and the curious can strike their own Viking coins.

By bringing modern marketing methods ta concentrate on a local past the Jorvik Viking Centre has touched a popular vein. The fact that the revenue goes back to archaeological research must also appeal. The first year has been a great success; the challenge will be ta maintain the momentum.

Visitors to the Jorvik Centre "time travel" through the past to reach the display, which has sounds and even smells of the Viking era

Realistic mock-up of a World War I battlefield trench at the Imperial War Museum

Showing horrors of war

BY ANTONY THORNCROFT

THE IMPERIAL War Museum has just launched a redevelopment programme which will cost £20m and take ten years ta complete. It will completely transform the building (the old Bedlam mental haspital), and provide a new restaurant and shop and an educational centre far the 100,000 children who visit annually. Space far exhibits will be more than doubled.

The building's fabric will be repaired and for the first time in a museum devoted to the harrors of war there will be access far the disabled.

In the first stage the museum is appealing far £2.5m. If it can raise this sum the Government will provide £6.5m so that the majar reconstruction, daubling the area for exhibitians, can start in the summer of 1986. Already twa generous benefactians have helped bring in £1m.

The museum has a strong case far extra resources. When it moved to its present Kennington site in 1936 it had mainly ta display the histary of the First World War. Now the callectian must encompass—with no increase in area—another world war and many minar conflicts.

Its problems have been eased by the establishment of three thriving satellite museums at Duxford Airfield, HMS Belfast, and the Cabinet War Rooms, but more than any ather major museum it has many items it cannot display—less than a tenth of its material is an show.

Where impartant objects are accessible they often have to be poorly mounted: a V2 rocket for example, is unimpressive on its side when it should be standing upright.

The Imperial War Museum alas has a major educatianal role since 20th century history is now a popular subject, and war sums up much of 20th century histary. One aim of its directar, Dr Alan Borg, in his new museum is to create a third area af display, between the popular exhibition spaces and the specialist libraries, where keen amateur students can, for example, view hundreds of medals or cap badges in concentrated exhibits.

Encourage

For its part in the fund-raising, the Museum is encouraging but not forcing, its 800,000 visitors a year to pay £1 an admission. After the first few weeks the museum reckons it will raise at least £100,000 this way.

It is also fortunate that its outlying museums are small profit centres rather than loss-makers, with a tatal attendance approaching 800,000.

While its majar pre-occupatian must be its rebuilding programme, the Imperial War Museum suffers like all the natianally-funded institutions from a lack of resources. It receives, net, about £4m a year, but it has always had a pittance far purchasing purposes—£100,000 for the forthcoming year, and is expected to depend on gifts to expand the collection.

Sometimes it is fortunate—it has on loan ane of the two VCs won in the Falklands campaign, but it still lacks a Second World War VC, and with their price at auction ranging up to £50,000 for an important medal, it wauld find it hard ta bid in the saleroam.

It also finds the Government's reluctance to give "real" rises in grant a constant debility. It has had to shed 30 custodians in recent years, which puts the callection at risk. It cannat run its film department as efficiently as it wauld wish and so loses business on what should be a profitable part af the Museum's activities.

It is finding that some documents, on poor wartime paper, are actually disintegrating before they can be conserved.

Abave all, Dr Borg believes the constant holding of the national museums an a short financial rein means that there is little movement in personnel, little opportunity for enterprise.

Given the probability that Gavernment aid is unlikely to rise in the next few years the big national museums, and art galleries, are to be congratulated on their ability ta raise money from benefactars, sponsors, and their own marketing efforts, and on their general acceptance now that their job is to inform and entertain the public rather than simply act as custadians of histarical objects.

PROPERTY

Stately homes of France

June Field looks at why business in chateaux could be booming

WHAT IS a chateau worth? The French have been rather slow in exploiting their historic houses as revenue-producing businesses, but are at last following the example of those great survivors, the British aristocracy.

If you are looking for a stately home across the Channel to turn into a business centre, an hotel, a timesharing complex or as a site for development, the properties are available.

Take, for example, Le Vieux Chateau at Bergeman, an hour from Nice, Cannes and St Tropez. It went up for sale last spring at about £2m. But in today's variable market in France even unique houses do not sell readily, so the figure has been reduced to £1.4m.

The combination of ancient and modern has been skilfully achieved. You eat in the original 12th century chateau-kitchen with its ancient beams, flagstone floor, massive walk-in fireplace and bread-oven.

But through the double-oak doors where the cooking makes full use of the wild herbs that flourish in the hills, it is contemporary Provençal, complete with local tiles and copper pans among the batterie de cuisine.

The main portion has been created from the ruins of the 12th century seigneurial chateau, part of the original fortifications of the village.

The castle was built for the Count of Villa Nova from Barcelona, the family becoming the Villeneuves, feudal lords equerries to the French court. They abandoned the place after the Revolution, when it fell into disrepair, and the villagers moved in.

After World War Two, two Frenchmen converted parts of the castle, one having to trace over 20 inheritors before he could acquire ownership. In 1974, full reconstruction was taken on by Elizabeth Collins, widow of Douglas Collins, one-time head of the Goya perfumery company.

The old château has become a family home, combining comfort and panache, with Roman columns from Nimes as dividers in a sitting-room whose flagged white stone floor was rescued from a ruined medieval convent near Paris. Its farmhouse, just below the ramparts, has a terrace of cobbles from the old port of Toulon, with mulberry trees that have been there since the district supplied silk to Lyons.

The setting is pine and oak forest where orchids and mushrooms grow, and you can hunt wild boar and fish in the lakes. The air is clear and pure, and the thriving village of 1,000 people has a mineral spring plus a clinic for those with respiratory ailments.

British agent Garry Netham, Allen Bates and Company, 10 Green Street, W.1, says it should appeal as a private home, as a business centre, or to someone who wants to develop the land. The vines produce about 2,000 litres of wine, and 400 litres of oil are extracted from the 330 olive trees.

Lawyer Philip Hawkes and his wife Patricia live in the Château de Missery in Burgundy. They run Hampton and Sons' French property department from 19, Avenue Franklin D. Roosevelt, Paris, and report a fair number of buyers around, French, American and English. "But they are all looking for properties of exceptional quality."

Best buys are houses classified *monuments historiques*, equivalent to the British Grade I listing, which qualifies owners to tax concessions; a supplementary listing could attract a grant. Regarded as a snip at FFr 5,500,000 is the Duc de Maillé's 15th century Chateauneuf-sur-Cher in 30 acres 15 miles south of Bourges. It has 50 rooms, *including a splendid white and gold panelled grand salon.*

In France, only a handful of historic houses remain as complete entities, retaining furniture originally designed for them. Well established of course are the Relais de Campagne, association of luxury hotels, some of which are chateaux, or at any rate grand houses.

The Château de Remaisnil, Picardy, was bought by Laura and Bernard Ashley to restore as a home, conference centre, and to photograph for their world-renowned fabric and furnishing catalogues.

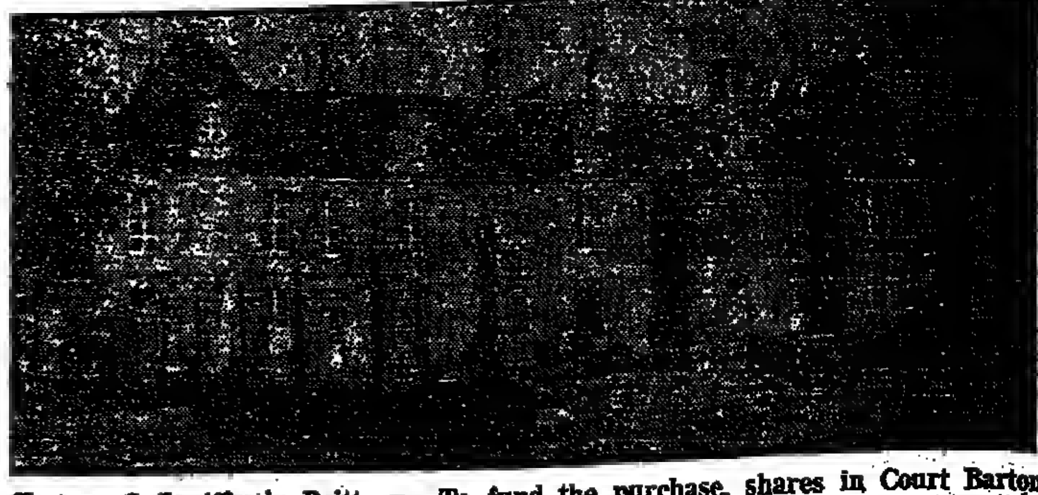
In 1981 they put it on the market at FFr 5m, but it was finally bought within the company. A transport company uses the creeper-clad Château de Beauchamps, near Le Mans, as an entertainment centre.

Timeshare is another possibility, and Court Barton Developments with its successful operation in Devon, is buying Château Guilguiffin in Brittany to promote something similar in France.

To fund it, Court Barton Developments is issuing shares—a minimum of 3,000 at £1.28p each—through stockbrokers Earnshaw, Haes and Sons.

The company believes that the shares will prove a rewarding investment and also draw attention to the shareholder perk of free occupancy if there is spare capacity in Guilguiffin, Court Barton or any future developments—the next one is likely to be in the Alps.

Two-thirds of the money required is already subscribed. It is important to appreciate that this is an investment in a property development company rather than a timeshare scheme as such, and that work has to be done on Guilguiffin and its cottages to give it the Court Barton quality.



Chateau Guilguiffin in Brittany. To fund the purchase, shares in Court Barton Developments are being offered (ring Michael Burton, Court Barton, South Huish, Devon (0548 561919, or through stockbrokers Earnshaw, Hues and Sons (01-588 5699)

YOUR GUIDE TO BUYING

- **DECIDE** *how isolated you really want to be.* **A hamlet can consist of less than five houses. On the whole, châteaux are more cut off from local life than English country houses, and some have not been properly lived in for years. Some of the British retired couples I met found the solitude of the French countryside all together too hard to take, and were trying to sell up and come home.**
- **REMEMBER that any heating, whether in vast home or cosy cottage will often be by wood-burning fires—all very romantic, but not always sufficient for those accustomed to** *the luxury of full central heating.*
- **CONFIRM whether any asking price includes the estate agents' commission, which by custom in France is usually split between seller and buyer.**
- **TITLE must be clearly established, as the Code Napoleon gives all children the right to an equal share in an estate.**
- **BUYING AT AUCTION has to be done through a French lawyer who bids for you, and has to be in possession of a certified cheque or bank guarantee for the whole of the disclosed reserve price.**

Arthur Smith on a buyer's market on the Med

Englishmen's castles in Spain

RIK POLANSKI, from America's mid-west, is a larger-than-life figure. At 21 he got bored with teaching English literature at a Nebraska school and moved 16 years ago to Mojacar, a remote coastal village in southern Spain. He failed as a bull-fight promoter, but made his fortune in land.

Now with a sweep of his arm he can indicate the acres of sun-scorched but prime building land he owns fronting the Mediterranean in a rapidly developing resort.

Polanski has been building villas mainly for the British for a decade now. Sir Michael Edwardes was one of his early clients. More recent is Glen Hoddle, the Tottenham and England footballer. There are also doctors, solicitors and businessmen. This is the land of the expatriates. Accents are more likely to be refined English than rural Spanish; the conversation about cricket rather than bull-fighting.

For the British investor Mojacar remains a buyers' market. There is a whole range of modern property from the studio-type flat at £11,000 and the £20,000 two-bed apartment through to Polanski villas selling at £35,000 with three bedrooms, two bathrooms, sea views and a density of only two to the acre.

The area is noticeable for the pace of development activity, the half-finished buildings and for sale boards. The market for old properties is as open: "Most of the locals would sell their house because it is worth more than they could ever dream of earning," says one property expert.

Mojacar, in Almeria, the driest province of Spain with only 22 days of rainfall a year, has the climate for the holidaymaker. The arid terrain looks like cowboy country Mexican style. Polanski says he recognised the potential of Mojacar a decade ago and began buying land as fast as he could. "I have investigated the whole of the southern coastline and there is nothing to compare."

But the key to the value of new property is probably held by Horizon, Britain's third largest tour operator, which in a move watched with intrigue by the travel business is diversifying at Mojacar into residential property development. Horizon is the sole developer.

Work has already started on the beachside Indamar complex offering 47 two-bedroomed apartments, completely furnished at £37,500 each. Another development, the Indasol complex, slightly back from the beach will provide 35 units selling at £35,000.

Horizon's move is logical given its dominance in Mojacar. It already owns the two main hotels, the 147-room El Moresco in the old village and the 308-room beachside Indalo.

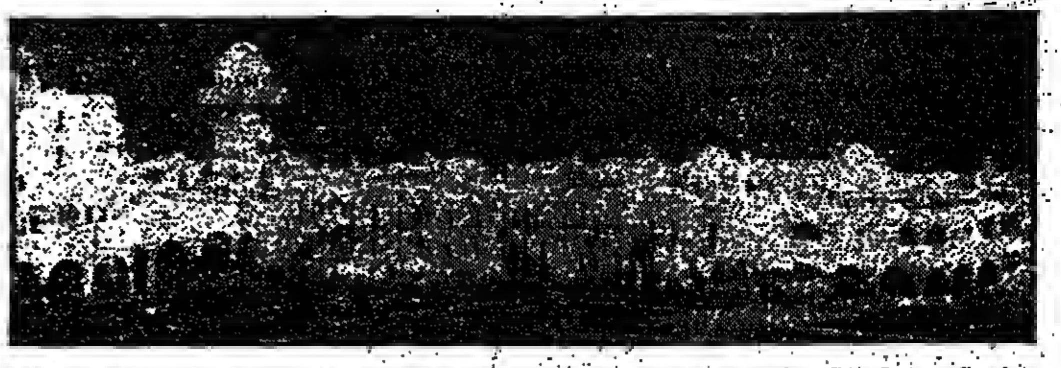
More enterprising is the sea-front Pueblo Indalo complex of rented self-catering apartments. The dramatic development, with the appearance of a traditional Moorish settlement but offering all modern facilities, is recognised within the region as a move to pitch the resort up-market.

Some 275 apartments became available last year and another 275 are due for completion this summer.

Brian Harvey, Horizon consultant for the property development, brushes aside the views of sceptics who argue Horizon might be oversupplying the market.

He says requests from Pueblo Indalo visitors to purchase their apartments made it clear to Horizon that it could succeed with property development.

Horizon is offering a lease-back option under which an apartment owner can nominate six weeks for occupation but allow the tour company to rent out the remaining 46 weeks through its holiday brochures. Horizon in return will offer a package worth more than £2,400 a year, including free service charges, maintenance and eight free return air tickets.



The Pueblo Indalo, Horizon's apartment complex in Mojacar, Southern Spain.

TRAVEL

Arthur Sandles reports on the success of country house hotels in Britain

Soon you'll be able to join the Cliveden Set

NOT MANY weeks ago, an intriguing advertisement appeared in that oracle of British rural gentility, *Country Life*. Those responsible were seeking a large historic house into which they wished to sink a fortune and produce a luxurious country hotel. It has, I gather, produced a fascinating response list.

The transformation of a blue-blooded seat into a retreat for tired travellers has become something of a habit among Britain's new breed of hoteliers. Dozens of large country properties have been transformed into oases for sybarites. And, to judge from those proprietors I have met recently, the investment has been profitable.

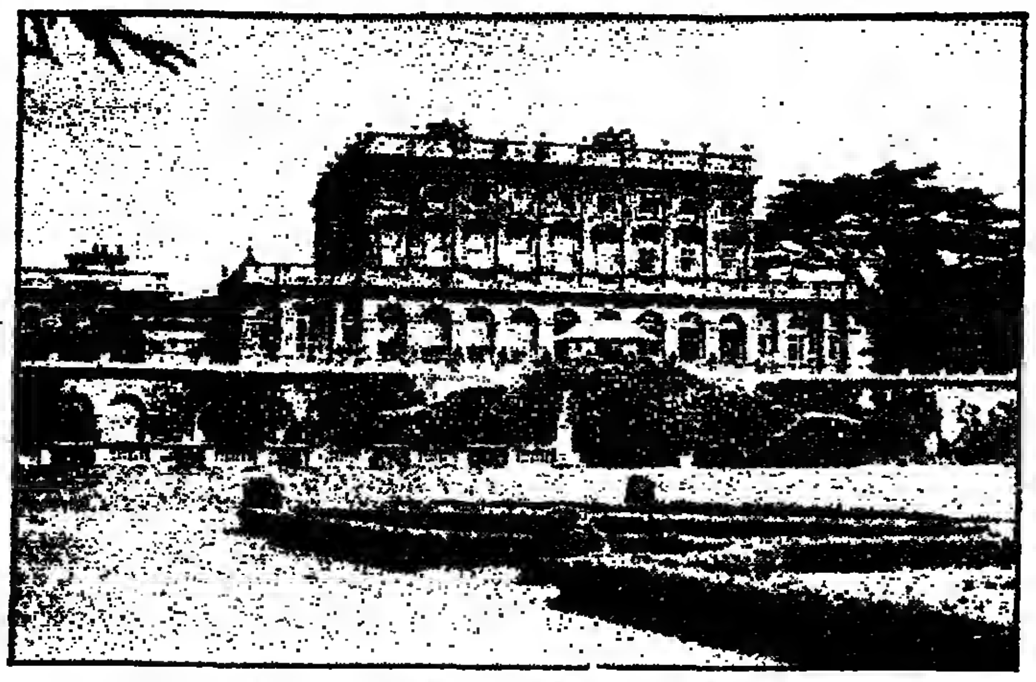
In the ease of *Country Life*, the advertiser was Historic House Hotels, an energetic young group that already has shown its paces with Bodysgallen Hall in North Wales and, more recently, Middlethorpe Hall at York.

That Historic House Hotels is seeking a further project should not come hack as a shock in a year when even the Astors' fabled Cliveden is about to opeo as a hotel. In that case, Blakeney Hotels has completed a unique, and presumably experimental, deal with the National Trust to take a 45-year lease.

If it works commercially for Blakeney, and aesthetically for tho Trust, other properties could be winkled out of this treasure house of stonework for the beoefit of Britain's bedslock. Before too many brows are furrowed, it might be noted that Blakeney's managing director, John Tham, is probably known best for the transformation of a rooming house in Bath into what is now the Royal Crescent Hotel and a jewel in the UK's touristie crown. It also is worth remembering that Blakeney's main competitors for Cliveden were office developers.

There are two linking themes in the house style of the type of hotel that is making its pitch for the top of a discerminating market—affection and investment. From Chewton Glen and the Lygon Arms to l'Horizon (Jersey) and the Culloden House in Inverness, they reflect a level of attention to detail extremely difficult to find in the chain properties.

As far as investment is concerned, this usually means pouring massive amounts into central heating and furnishings, burrowing through massive stona walls to make channels for television and direct-dial telephone lines and, of course, piteh for Michelin stars and Ronay praise.



The Astors' Cliveden . . . from stately home to hotel

After that, it's all fluffy towels and Crabtree and Evelyn soap, flowers in the room and mints on the pillow, linen that really is linen and views that spread for miles across the British countryside.

There are about 30 provincial British hotels listed in the latest Ronay guide that rank 80 percentage points or more on his seale. A full two dozen of thesc are country properties. In Michelin, look for red marks in the text. For Michelin to put "tastefully furnished country house" in red quotation marks, as it does with Bishopstrow House in west Wiltshire, is to be lavishly descriptive for that restrained publication (Ronay calls the same property "luxurious and very civilised").

Being "tasteful" and "very civilised" is mueb in vogue these days, along with green wellies and patched tweeds. It is not only the young fogeys who find it such — the demand for Britain's rural luxury from across the Atlantic this year has been huge.

Here, we are on sensitive ground. American demand has been near-overwhelming for the coming summer, to sueh an extent that there have been constant reports that, tempting as the botels may be, there simply will not be any room for British customers who decide suddenly to take a few days of bucolic relaxation.

I have talked to several hoteliers this week and all said they were restrieting U.S. bookings — "hut please don't quote me, I don't want to eause ill-feeling." Most seem to he keeping a proportion of rooms for British hookings and a reserve supply for regulars. "The Amerieans themselves don't waot to get to the British eounlryside and then find they meet all their old friends from Los Angeles. They eome to see the country and meet tho British," said one hotelicr.

There is little doubt that in these country properties they meet a eertain type of Briton—one who has developed certain levels of demand and has the depth of pocket to see those demands met. The eountry hotels of this elevated sector of the market—tho Chowton Glens, the Inverloehy Castles, the Rookery Halls—are not cheap even if, by London or New York standards, they are not fearfully expensive.

The going rate for a single room at a luxurious country hotcl would he around £40-£60 a night; and for a double or twin, say, £60-£100. The real costs, however, tend to eome in the dining room, for most of the hotels have exeeptional restaurants. Paying £40-£60 for dinner for two would not he unusual. For that sort of money, however, you really do get the best.

to tempt a remarkable chef to

Many of the botels are in two marketing groups active in this field. Prestigo Hotels, 13 Golden Square, London W1R 3AG, aets for more than two dozen of them and will send brochures.

The Relais Guide covers not only UK hotels but also Fraoce (where it is slroogest) and other countries. The French National Tourist Office in Piccadilly, London, might have broehures if you are passing by (an odd, but true, recommendatioo for UK hotel ioformation); but you can get copies if you write to Gravetye Manor, East Grinstead, West Sussex, RH19 4LJ—(even better, stay there—it is a superbly cossetting hotel).

For luxury properties, and more modest but still outstanding rural retreats, try the BTA Commended Hotels guido whieh you should find on bookstalls (£2.25). Overseas readers should contact their nearest BTA office, where they might find the hrochure is free.

● For those interested in rural escape, that hible of British domestic hortieulture, the Gardens of England and Wales handbook for 1985, is now on sale. It lists all the gardens open to the publie under the Natiooal Gardens Scheme, with times and priees. An invaluable handbook and one I keep in my ear constantly. It eosts £1.

A blob of independence

ONE GOOD starting point for getting away from the Luton set is to browse through the main package tour hrocbures aod find the destinations to which their closely parked jets do not go. Let us pass over the plaees whieh are simply not worth going to and reflect on those whieh, as far as the hig tour eompanies are concerned, present other difficulties — such as the lack of a big airport, or tha laek of big hotels.

One sueb plaee is Corsica, a eraggy blob of independenec in the Mediterranean south of Niee. Airports it may have, but it is certainly lacking lo large hotels and the roads make the idea of hundling hordes of tourists arouod in buses almost literally a sick joke. Do not plan to go anywhere quiekly in Corsica.

I have seen the island only when it is, I understand, at its best. In July and August the mainland French arrive in hordes and I have beeded loeal advice and stayed away. In the autumn aod spring, however, the place is remarkably quiet and everything settles to a relaxed easy-going life-style.

As with all small islands, of course, you cannot escape the sea. But it is the terrain of Corsica that is its main appeal, and the continuing theme in its history. A hugely mountainous place, thickly forrested and, where there are not trees, overrun hy the bushy growth of the *maquis*, attractive at any time of the year but partieularly so in April, May and June.

Seheduled flights are expensive, but you find eheaper ehater seats if you shop around. In spite of what I said earlier there are paekage tour companies operating in Corsiea, but few among the major league. Most of the other names are those niee friendly ones like Cox and Kings, Meon, Small World and Freneh Leave.

Vacances en Campagne, which already has a sizeshle reputation renting cottages on the Freneh mainland, has recently started letting properties on Corsica and have some excellent ones (its address is Bignor, nor Pulborough, West Sussex, RH20 1QD.

Arthur Sandles

MOTORING

Cars to beat the handicaps

BY STUART MARSHALL

TILT AND height adjustable steering wheels and an upright seatiog position are the two main factors in making a car suitable for physically handicapped drivers. That is the main conclusion I draw from the large correspondenee that followed by appeal for help on behalf of a reader last month.

Mr R. J. Edmonson, of Llanfairfechan, told be he wanted to replace a 14-year-old Volvo 164 that had served him nobly from new but was now too big for his needs and likely to fail its next MoT anyway.

He bas a stiff right hip though his right knee works normally. Ho wants a car he can eoter and leave easily and sit in comfortably. It must be an automatic and not cost more than £7,500. What should he buy?

Another Volvo, if a large number of readers' replies are anythiog to go by. "Tha most comfortable car I have ever had was my Volvo 264DL automatic with power steering. All the proportions were right," wrote a moderately arthritic Mrs M. W. Rish of Harrogate. But she wanted something smaller.

"By trying a friend's VW Golf I discovered that if the seat is relatively high above the floor, many of the problems disappear. The knea has more mobility, relieving weight from the heel and stgain on the lower leg and thigb muscles. Less rake is required on the seat back, so some of the dead weight of fully extended arms is taken from the shoulders," she said.

"A second-hand Mercedes W123 (from 200 to 280)" was proposed hy Mr James Riehmond, of Retford. He is a big man and over 6 ft tall. He needs smooth upholstery (velour makes it impossible to slide behind the wheel), the seat must not he too low (it stops him getting out) and ho has no objection to two doors. Could I suggest a suitable small car?

For a combination of a reasonably upright seating position, availability of automatic transmission and power steering as standard at a modest priee, one instinctively looks at a Japanese car. Many have adjustable steering wheels, too. The Nissan Stanza and Honda Accord 1.8 Executive three-door are good examples.

The Honda Shuttle Estate and Nissan Prairie offer exceptional ease of access though neither has power steering and only tha Shuttle eomes as an automatic. Otherwise, I would have put both high on any handicapped driver's list. Tha Metro is another contender. It has big doors, is available with automatic transmission and can be fitted with power steering though tha cost is high—over £1,000 with VAT. (Details from Steering Development Ltd of Hemel Hempstead, Tel 0442 212918, which offers many power steering conversions). BL's Maestro may now be had with power steering and automatic transmission. The new Rover 216—it has an adjustable steering wheel and an automatie option though not power steering—might also ha worth investigating.

Mr James Inglis, of Edinburgh, who has the same prob-

to pass them on.

lem as Mr Edmonson, recommends the Nissan Sunny 1.5 GL and Peugeot 305. "I have found the Sunny, with a small adjustment to the driving seat, vary comfortable. So is tho Peugeot, wbieh . . . is a substantially more refined car." (It has also recently become availabla with power steering and an excellent 4-speed automatic transmission. The steering wheel, though non-adjustable, is smaller than usual and I ean vouch personally for the eomfort of the fairly upright driving position).

I hope soma of tha ideas above will be of help to Mr Edmondson and fellow sufferers. At least, they may narrow down the field a little when trying to decida on a new car. If any other readers have suggestions, I will ho glad

FOR THE second time this month, Ford has set a high technology cat among the automotive pigeons. First it broke Audi's monopoly of the on-road all-wheel drive market. Now, with the introduction of the new Granada, it makes anti-lock hraking standard equipment instead of a htgh price extra for executive car buyers.

The new Granada (a Ghia version is pictured) also features ceotral door locking, a steering column adjustable for rake and height, radio aerial integral with the heated rear window and ventilated front disc brakes. Meehanically it follows Ford's well tried formula of fore-and-aft eogine, rear drive with all independent suspension. Ford points out that BMW and Daimler-Benz also feel front-wheel drivo is not needed in hig cars.

Engines range from a new 1.8 litre lean-burn in-line four-cylinder to a fuel injected 2.8 litre V6. In the middle are a pair of 2-litre four-cylinder engines, one fuel injected, and a 2.5 litre Peugeot diesel will be available next model year. Five-speed manual transmission is standard on the four-cylinder cars, a four-speed antomatie optional. The V6 Granadas have automatic transmission as standard. Power steering is an extra on all but tha costliest Granadas. Prices will not be known until shortly before the new cars go on sale in mid-May.

The styling looks like a Sierra from the front, a Mercedes 190 from the back and a Rover SD-1 from the rear quarters. There are even overtones of the Renault 25, though the Granada's tailgate opens on to a bumper-level sill. Ford feels its bulk load capacity is so good tho estate version has been dropped altogether.

Flush-fitting windows like those of the Audi 100 help rednee drag but tho sleek styltng has not been allowed to reduce interior space. The new Granada is a roomy car to sit in. By this timo next week I shall know how it goes.

The new Granada has been under development for five years. Interestingly, it was at the 1980 Turin Show that Ford's Ghia styling studio unveiled a derivative of the otd modet called Altair. This aerodynamie saloon, it was thought at the time, might be tho shape of Granadas to come. Bot Altair (left helow) was never seen again and the notchback body with a hoot has given way to a hatchback. A wise decision? We shall have to wait and see.

BOOKS

Orwell as broadcaster

BY ANTHONY CURTIS

Orwell: The War Broadcasts edited by W. J. West. Duckworth/BBC. £12.95. 304 pages

Like the lost years of Shakespeare, George Orwell's years as an employee of the BBC, have generated much speculation as to their influence upon his subsequent work. How much of *1984*, for example, was inspired by his day-to-day life as a wartime servant of the Corporation? It seemed as if the facts were buried for ever in the vaults of the BBC and probably at this distance of time not fully recoverable. Happily this has been disproved by the patient research in the Written Archive of W. J. West, a bibliophile and scholar, who has succeeded in disinterring all the scripts that Orwell wrote together with those he commissioned from other people and all the correspondence, internal memoranda and directives that were connected with them. A swathe of this material (his war commentaries will form a separate volume) is printed in *Orwell: The War Broadcasts* with a substantial introduction and a full set of footnotes identifying all the broadcasters and officials.

The result is a most interesting book which not only adds significantly to our knowledge of Orwell but also re-creates at first-hand the grim purposeful mood of Britain between Dunkirk and D-Day when radio was the mouthpiece of the nation.

Orwell was a Talks Producer in the Indian Section of the BBC's Eastern Service from August 1941 until November 1943. His starting salary was £680 and his office was at 200 Oxford Street where the whole of the Eastern Service was housed. In the early part of the second world war there was great concern in Britain about the effect which Nazi broadcasts to India were having on the precarious balance of loyalty in the sub-continent. To start counter-measures was an urgent priority for Brendan Bracken when he succeeded Duff Cooper at the Ministry of Information. Orwell, who had previously made one or two broadcasts as a free-lance, was invited to join the staff as part of the shake-up that Bracken brought about.

If he had been recruited to manufacture propaganda Orwell would not have accepted. He had the more congenial task of establishing a kind of cultural hot-line to students of the Punjab and other universities and to give educated Indians an accurate account of the progress of the war and life in Britain. These general guidelines allowed Orwell considerable scope in devising series of programmes on literary and scientific subjects and in using people he knew personally or whose work he admired.

Orwell was a very good producer, both in the administrative and in the creative aspects of the job. His letters and instructions to his artists are admirably clear, courteous and to the point; the scripts of his

Orwell: talking to Swift

programmes come off the page in a lively style even now, with all his genius for making one profound point simply and incontravertibly. If one might have expected him to write well on a play by Shaw, he is equally perceptive on one by Wilde.

He clearly wished to be as eclectic and as wide ranging as possible and for one weekly series he organised a long short story to be broadcast serially written by five different authors. He wrote and broadcast the first part himself, brilliantly setting up an episode in the London blitz where a man finds his bitterest enemy lying in the rubble at his feet needing only one quick blow to kill him. . . . Part two was contributed by L. A. G. Strong who contrived to save the victim from death; part three by Martin Armstrong, and part four by Inez Holden whom Orwell had known through his period in Spain and who could not resist introducing a Civil War theme into the story. The final episode was in the hands of E. M. Forster who wrote:

> Dear Orwell,
>
> This is scarcely my cup of beer, but I should like to have a try. Yes—the theme has been badly messed about, especially by the Spanish expedition, and I am afraid that any denouement will seem unreal, and can only be handled "cleverly." I have an idea and will do my best with it.

Apart from this contribution Forster gave a regular book talk which Orwell produced and the correspondence between the two of them, largely concerned with which newly published books Forster should discuss, is included here at length. If Forster was the most eminent writer employed by Orwell he tops an impressive list which includes William Empson, Edmund Blunden, T. S. Eliot, John Lehmann, T. C. Worsley.

Orwell paid as much attention to poetry as well as prose. He arranged discussions of new work for which conversation had to be scripted in advance. This involved him in the labour of putting words into the speakers' mouths, so as to say, and then getting them to approve them. He had several Indian colleagues in his team, notably the novelist Mulk Raj Anand.

Among Orwell's own broadcasts printed here the greatest interest attaches to an imaginary conversation he wrote between himself and Swift conjured back from the dead, with a discussion of *Gulliver's Travels* and to two story adaptations, Anatole France's "Crainquebille" and Silone's "The Fox;" the latter, which preceded *Animal Farm* is a study in betrayal with a pig farm as its setting.

When he broadcast he always called himself Orwell, but some of the letters are signed Eric Blair. As the book progresses the Orwell persona seems to take over completely, and alongside this confirmed sense of identity there is growing dissatisfaction with the work he is doing and the restrictions imposed on him from above.

Every script had to be cleared not once but twice—for both policy and for security. The censors who operated from the University of London's Senate House in Malet Street were required to rubber-stamp his work before it could go out. No prizes for anyone making a connection with the Ministry of Truth in *1984*. By the end of 1943 Orwell had had enough and handed in his resignation to resume the life of a free-lance writer. But, as we can now see, thanks to this admirable compilation, Orwell's years in radio were important to him and left their mark on his later and best-known books.

Boyhood of Böll

BY WILLIAM D. SHOLTO

What's to Become of the Boy? by Heinrich Böll. Secker and Warburg, £7.95. 82 pages

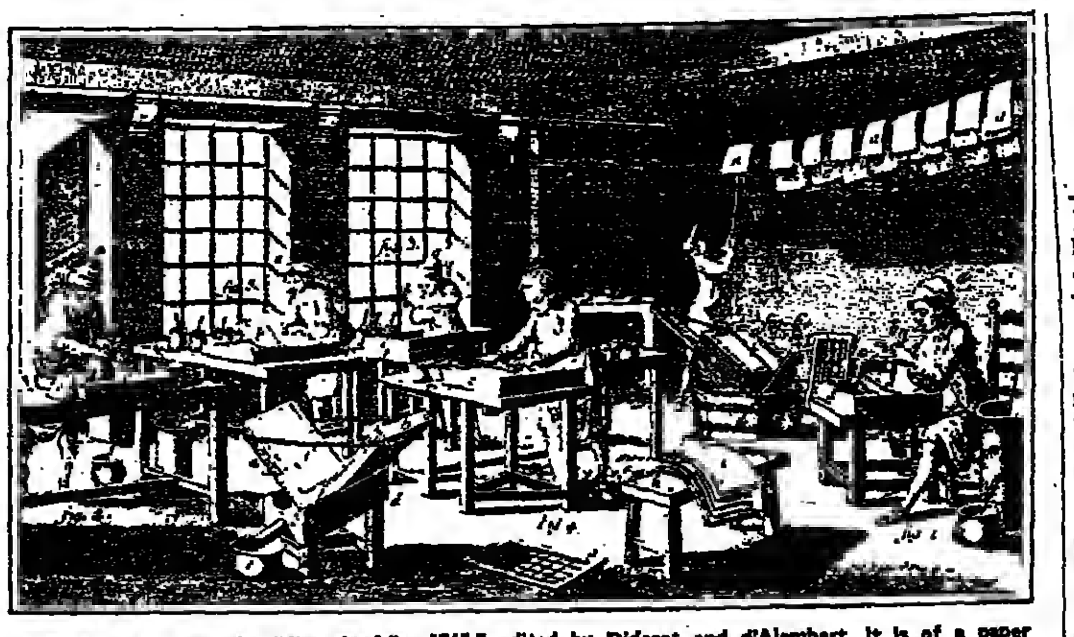
How did a sensitive German boy react to the evil of Nazism? Heinrich Böll, born in 1918, was a schoolboy when the Nazis seized power. The horror became progressively more intolerable during the 1930s, and led him to seek solace in the normal run of juvenile preoccupations, partly to detach himself from the uncouth rabble that dominated his country. His parents, with Teutonic *Angst*, kept asking: "Was soll aus dem Jungen bloss werden?" ("what's to become of the Boy?").

Wandering in his native Cologne, Böll writes, "one of those Nazi hordes happened to come marching around the corner, and everyone ran to the kerb to raise their right arms while I just barely managed to duck into a doorway. The horror lay deep. . . ."

Worse was to follow. Individuality in sport, education and thought itself was suppressed. In School, Böll had to study *Mein Kampf*, and pressure to join the Hitler Youth intensified. One could only speak in a whisper about the ignorant and brutal Nazi leaders, and there were plenty of reminders of the fate that awaited dissenters.

Finally, there was an inexorable drift towards war. Böll knew and feared that he would be ordered to die for his Führer, and the prospect appalled him. His very human record of those dark pre-war days is important because, 40 years after the war, we still know so little of what perceptive Germans felt about the Nazis.

For Germans, such recollections must be postively therapeutic. Too many are still ashamed of what happened and the role they played (or didn't). Böll is neither ashamed nor amnesiac, but scrupulously honest. For that alone, he deserves our respect.



An illustration from the "Encyclopédie, 1765" edited by Diderot and d'Alembert. It is of a paper marbelizing workshop, reproduced in Gabriele Grünebaum's "How to Marbleize Paper" (Dover/Constable, £2.50). Basically the same techniques are used today as they were in the 18th century. The book contains step-by-step instructions for making 12 traditional patterns

Press gangs

BY GODFREY HODGSON

One Hundred Years of Journalism edited by Cyril Bainbridge. Macmillan Press, £22.50, 166 pages

The Power of the Press? by Louis Heren. Orbis, £10.00. 208 pages

The Thomson Empire by Susan Goldenberg. Sidgwick & Jackson, £10.95. 296 pages

Garvin of "The Observer" by David Ayerst. Croom Helm, £22.50. 304 pages

In the past twenty years there has been a vast increase in the attention paid to journalism in this country. Journalism schools have come into existence, while at the same time media studies have proliferated in many universities and polytechnics.

Books about journalism, communications and the media now form a significant proportion of any publisher's list. In my own mind I divide them into two categories: journalism studies, and media studies.

Media studies are about how and why those unscrupulous journalists are lying to us. Journalism studies are about how journalism might be a little less bad.

In those terms, all four of these volumes ought to be part of the curriculum for journalism studies. The Cyril Bainbridge volume, was issued to commemorate the centenary of the Institute of Journalists. Its core is an interesting history of the Institute by Bainbridge, an assistant managing editor of The Times who was president of the Institute in 1978.

It should prove a useful textbook for teaching journalism students the history of their profession, and in particular teaching them how recent, and in some ways fragile, its claim to be a profession is. I liked the quotation from an 1897 magazine, for example:

> A reporter for a weekly paper seldom receives a higher weekly wage than is paid to a journeyman printer and frequently he is expected to assist either in the business department or the composing room.

It includes brief essays by Lord Goodman and other great men who take an interest in journalism. The most topical is by Lord Scarman, which contains a strong condemnation of the official secrets act.

Louis Heren, former correspondent of The Times in Delhi, Bonn and Washington and deputy editor before the Fall, has written two books about the United States and two admirable volumes of autobiography. His outline history of newspapers starts awkwardly, but then picks up pace and spirit. His publishers are to blame for the excessive number of typographical mistakes. That would never have happened in Printing House Square.

It is notable for pithy portraits of some of the great robber barons of the nineteenth century press, from Barnes, the original Thunderer, who "lived with another man's wife, who was said by Disraeli to look like a pantomime dame" and drank gin at his desk, down through Northcliffe and Beaverbrook, Colonel McCormick backing the United States to repel an invasion of redcoats, and Rupert Murdoch leading one from Down Under.

Louis Heren's favourite is James Gordon Bennett, who started in a Roman Catholic seminary in Aberdeen and ended as the owner of the New York Herald. He describes them all with affectionate amusement, and ends with robust optimism about the future of newspapers, provided they can find barons to own them—"barons who love newspapers and balance sheets—but in that order."

Roy Thomson certainly loved balance sheets. It is said that they were his principle—malicious spirits even whispered his only—reading. Yet he was a baron who permitted rich journalistic quality to flourish under his ownership. Susan Goldenberg has written a business history of the empire he created, and which has been expanded by his son.

She is interested in the Thomson enterprises because they are on the whole profitable, and because they are Canadian, whereas we in Britain are on the whole more interested in two of the less profitable properties—The Times and the Sunday Times.

Ms Goldenberg is an omnivorous and careful reporter, however, and her book is enlivened by one or two memorable portraits, such as that of Sir William Rees-Mogg "sitting on a candy pink chair in the study above his bookshop with a portrait of Alexander Pope gazing over him," and the occasional sharp quotation, such as one from Kenneth, second Baron Thomson in the peerage of Great Britain: "I never understand why you English hate each other so much!"

Perhaps the most substantial of these four books, however, both for journalism studies and for the political historian, is the life of J. L. Garvin by David Ayerst, a former reporter and leader-writer on The Guardian. I say substantial, but it is a book of well under 400 pages, and I wish it had been longer. I would have been happy if Ayerst had enriched his account of Garvin's own life with somewhat more of the "times" in which his work was done, because Garvin was a journalist whose pre-eminent gift was for analyzing and explaining the political situation, and in many instances that is now too remote for us to understand. This is, even so, an excellent account of the inner logic of Garvin's trajectory from radical to conservative.

Fiction

Life raw and cooked

BY ISABEL QUIGLY

Krippendorf's Tribe by Frank Parkin. Collins. £7.95. 192 pages

Kronstadt '21 by George Malcolm Thomson. Secker and Warburg. £8.95. 218 pages

Krippendorf's Tribe, Frank Parkin's first novel, is a tale of grand-scale deception: of the gullibility of academics, the convenient transferability of human patterns of behaviour, and the horrors of trendy domesticity in today's England. To make horror artistically acceptable, a certain deadpan, consistent, ruthless logic is required. This Frank Parkin shows.

Even David Lodge, no slouch when it comes to behavioural shock-horrors, confesses in his puff on the back of the jacket (the front part of which, incidentally, is ineptly hideous) that he squirmed. Well, there are squirms and squirms, and those induced by Krippendorf, though justified, are healthy.

What's an anthropologist who has been given £14,800 to research an Amazonian tribe to do when he's left in North London squalor with three children by a wife who jets about the world to forward her high-powered television career? With the deadpan, consistent, ruthless logic I mentioned he settles down to write up the tribal customs of the Shelmikedmu. This scarcely needs imagination, since it is his own story in fancy dress. Shelmikedmu males in the rain-forest clearings do the chores and care for the children while females go out hunting and food-gathering. Then, because pictures are needed to populerise this research, life takes over from art.

First it's exotic photographs of any woman Krippendorf can get to pose for him. Then the children have to be painted and decorated with Tippex and green nail varnish to look convincingly savage. And when reality takes over entirely from invention there's domestic cannibalism (they eat the housekeeper—not to mention the neighbours' pets), incest, tree-house living. Savager than that you can't get so it ends, I'm afraid, with something of a whimper, unworthy of the squirm-making rest.

What's right is the consistency of tone, both in the present, "real" world, which grows progessively more surreal, and in the flat academic reports on the tribal customs which Krippendorf turns out for his paymasters. Lay it on thick enough in the right jargon and anyone will swallow anything, the moral seems to be; whether your readers are academics ("the highest standard of scholarship and scientific achievement"), readers of Exotica ("I'm your number one fan, me. I've got all your photos pinned up in me locker"), the Crouch End Folklore Society ("Mamma mia!") or the Pontefract Flyfishing Association ("Hey up, Amazonia! Here we bloody come!").

George Malcolm Thomson's *Kronstadt '21* is a thriller set among Russian exiles in 1921, with opposition to the new regime hotting up and a chance of success (they feel) in a new uprising. At the centre of things is Simpson, son of an English merchant in old St Petersburg, therefore as Russian-minded as an outsider can be and ready for any involvement with the gang of aristos, thugs, agents and double-agents, spies and counter-spies who cluster round the Russian cabarets, bistros and banks of post-Revolutionary Paris. In between (in Copenhagen, London, Edinburgh and the lonelier coasts of Finland) are people of every shade of political opinion, while inside Russia the threat of Gulag, stolen children or simple "disappearing" hangs over everyone, in payment for the smallest misdemeanour, critical aside or even trace of humanity. Escaping westwards (to Hollywood and Scotland respectively) are a lovely young dancer and an equally lovely though older princess enmeshed in vile plots to save the children held as pawns in the terrible game.

It's exciting and well-crafted, full of atmosphere and momentary vividness; even of a real sense of the horrors of our century, the slide into barbarism with all its paraphernalia of torture, long- or short-term. What's missing is a character (or characters) with whom to identify and sympathise. No-one is quite central enough, quite important or emotionally committed enough. Lots of imaginable people rush in and out of the action, but what's needed (I feel) is one for the reader to cling to, whose fate seems to matter more than the rest. Still, it's a shipshape thriller with the right chilly detail and sense of menace, very tightly built.

Crimes

BY WILLIAM WEAVER

Death in Autumn by Magdalen Nabb. Collins, £7.50, 158 pages

Marshal Guarnaccia, whose office is in the square of Palazzo Pitti, sees a Florence that most tourists luckily ignore: a body in the Arno, drugs, blackmail, kinky sex. But the wise Marshal never loses his southern tolerance or gains northern urgency. Dogged, intuitive, he follows the leads, keeps clear of the snares of Italian bureaucracy and brings the culprit to book. The background story—set largely in Germany—looms a bit too large from time to time, but as usual, Magdalen Nabb catches the air and pace of her adopted city.

The Killing Cold by Ted Wood. Collins, £6.95, 182 pages

The second adventure featuring Canadian policeman Reid Bennett and his dog Sam. As in the prize-winning first novel, here setting is excellently done—you shiver as you read of all that ice and snow—and the initial hook of the plot is neatly cast. Towards the end, the number of villains becomes awkwardly high and chasing them involves considerable repetition. But a few moments of confusion are a small price to pay for an otherwise arresting story.

Heart breakers

BY JOHN LEHMANN

Loved Ones by Diana Mosley. Sidgwick & Jackson, £12.95, 224 pages

Lady Mosley has done a "rescue operation" on her memory, and come up with a net-full of "pen portraits" of people who were particularly fascinating to her or significant in her life. She doesn't have the skill with words of her sister Nancy Mitford, and she doesn't manage to tell us anything very new about Lytton Strachey or Evelyn Waugh, neither of whom she knew for very long; but when she comes to people with whom she had a more enduring association her portraits are often lively, affectionate and memorable.

I was especially pleased to find a chapter on Violet Hammersley, who was a great favourite with all the Mitford children, and adored by the Lehmann children, too, at the same period in our lives. Lady Mosley says that she made our family seem very glamorous and intellectual, but I can assure her that when Violet spoke of the Mitfords to us, glamour surrounded their figures also.

Mrs Hammersley (Mrs Ham to the Mitfords) is a difficult person to bring to life, and I think Lady Mosley only partly succeeds, delightful though her portrait is. Mrs Ham was amusing in her own special way, full of affection and loyalty towards her friends but possessed by a deep basic gloom about her own affairs and the state of the world, often of almost comic intensity. If she found out that one had been seeing someone prominent in public life, she would draw one aside in the hope of hearing some "inside" story even darker than what was in the newspapers. All this Lady Mosley brings out well, but what she fails to reproduce is an impression of the brilliant impersonations, of the utmost dramatic verve, which Violet would launch into in the middle of a story she was telling.

Unlike Violet Hammersley, who longed to be an author but had no real gift for the written word, Gerald Berners created works in both music and literature which will keep his memory fresh. His *A Distant Prospect* is an enchanting chapter of autobiography, and *Wedding Bouquet* a unique comic ballet in which Berners, Ashton, and Gertrude Stein collaborated to perfection, though Lady Mosley is quite unfairly disparaging about Gertrude Stein. But her piece on Lord Berners is one of her best, bringing him and his eccentric habits vividly and entertainingly to life. She says of him: "He was fortunate in that he had enough money to live in comfort and surround himself with beauty, but he was not immensely rich." As Lord Berners had a beautiful estate in Berkshire with an elegant house filled with treasures, a house in London and a smart place in Rome, one wonders what Lady Mosley considers "immensely rich." Perhaps only the owner of Chatsworth qualifies.

Lord Berners had an engaging vein of frivolity, as when he put a notice on the dining room door of Faringdon: No Dogs Admitted, but two feet from the ground, so only dogs could read it. Not so the rich, brilliant, irrepressible heart-breaker, Derek Jackson, married to Lady Mosley's sister Pamela for 15 years, who was a deeply serious scientist. He was given to violent outbursts and cracks, not all of which, as related by Lady Mosley, show him in an altogether sympathetic light. He had a habit of hugging and kissing jockeys when he was excited by the way they had ridden, but he once angrily called two of them "miserable little dwarfs" when he overheard them criticising his own riding.

Lady Mosley ends her book with a long chapter on Sir Oswald. Referring to his autobiography and Robert Skidelsky's book, she says, "All that seems necessary is a short account of the man himself in private life."

Unfortunately she cannot keep to that, for her account of him turns into a long and bitter diatribe against the authorities for having kept them in prison during the middle years of the war under 18 B. She is particularly indignant because they had made it clear they would fight to the death if England were invaded, but were in favour of a negotiated peace. It is difficult to imagine what negotiated peace would have been possible at that period that would not have left continental Europe under Hitler's effective control, that is, of one single power—something always unacceptable to British strategic thinking.

I am sorry that Lady Mosley did not include a "pen portrait" of the novelist Henry Yorke (Green), whom she knew well and who was a loyal friend and very fond of her.

Winged victory

BY DENIS RICHARDS

The Right of the Line: The Royal Air Force in the European War, 1939-1945 by John Terraine, Hodder & Stoughton, £14.95, 841 pages

The title of this work, *The Right of the Line*, more immediately suggestive of armed array in the 14th century than aerial operations in the 20th, implies high compliment. The author submits that during 1939-45 the Royal Air Force, by acting as the "vanguard" of British arms and occupying the "place of greatest danger," in effect held, in the old phrase, "the right of the line, the place of honour."

In his first book on World War II John Terraine unquestionably displays all the gifts that have made him an outstanding historian of World War I. He has the rare gift among historians of being highly readable. In particular he is adept at weaving together a great number of aspects and facts in an organised and intelligible way, so that a large, complex tapestry preserves a clear, impressive design. Here he ranges confidently, not only through operations, operational policy, high strategy, Air Staff "doctrine," personal relations and the like, but also through the less exciting but equally important "infra-structure" of equipment, training and organisation.

Though wide-ranging and full of information and interest, the book is not without flaws. In particular, it appears that at some stage the wealth of material got out of hand. If the initial project was to write a one-volume history of the RAF in World War II it is a great pity, as the author fully and regretfully acknowledges, that growing length precluded any account of activities in India and South-East Asia. The "Forgotten Army" of the time now has a companion in the Omitted Air Force. Perhaps a more serious flaw is that the treatment of the early trials and tribulations is on such a scale as to prevent comparable notice of later triumphs. The later chapters are summaries of great skill, but the disparity of proportion still obtrudes. In this blockbuster of 687 pages of text (plus 152 of notes, index, etc), 670 are devoted to events up to September 1944, leaving hardly any space at all to record adequately the final achievements.

Another big flaw seems to arise from the reluctance of the author, as a humanitarian, to concede any achievements for area bombing or, as a military historian, to approve what at one point he calls Bomber Command's "private war." As a student of war he is well aware of the classic recipe for victory—the concentration of a decisive force at a decisive place at the decisive time—and whereas Overlord represented this, Bomber Command's activities against Germany from 1940-1943 clearly did not. So, despite his well-expressed admiration for the crews and for all the work of the tactical and coastal air forces, he fails to perceive the full effect of the work of the British strategic force. He does not see that the credit for the successful invasion of Normandy, for instance, belongs on the air side, not only to the operations directly related to it and the earlier reduction of German fighter strength by the Americans, but also to the British bombers who brought devastation to Germany by night. Had the Germans been able to concentrate their resources purely against the American daylight air offensive, or purely against the British night offensive, they might well have inflicted crippling losses on their assailants. Against a combined offensive involving day-and-night round-the-clock bombing against a wide choice of objectives, they proved in the long run to be powerless. The American offensive simply cannot be isolated, as so many critics seem to think it can, from the British one.

Mr Terraine sees Trenchard and Portal primarily as proponents of attack on civilians, and this leads him to make sharp criticism of both. He nowhere makes it clear that, once the Allied strategy for a return to the continent was established at Casablanca, Portal supported this unswervingly. Portal's strong belief in strategic air action in no way prevented him from being a supreme co-operator with the other Services.

The book would be more completely reliable if the author's interpretations and criticisms were expressed in a more provisional and less positive fashion. But many readers will no doubt find Mr Terraine's trenchant manner and forthright views the salt that gives savour to the dish. What is certain is that the work is a remarkable achievement, a permanent addition to RAF historiography, an excellent piece of book production and, in these days, remarkably good value for money.

HOW TO SPEND IT

by Lucia van der Post

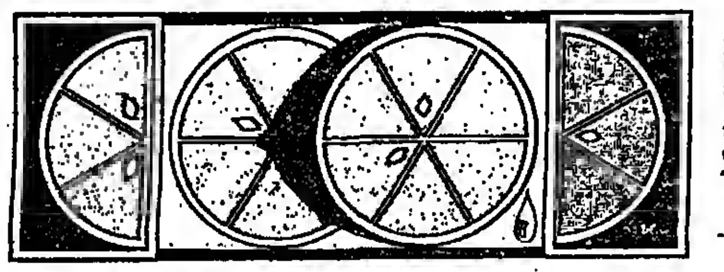
Hat tricks

IF YOU believe that hats are for special occasions, for adding magic and allure, then I don't know many hats that come more glamorous than this. Made by David Shilling of 44 Chiltern Street, London W1 it is what the one-off, hand-made, couture hat is all about. Though the price-tag may seem high (they start at about £150) for your money you will get a hat that is designed entirely round you and your outfit. David Shilling specialises in fine straw, hand-dyed and trimmed only with his own hand-made trimmings, and no two hats are ever the same. His great skill seems to lie in creating wonderfully jaunty and chic small hats, perfect for those who have the style and confidence to wear them to cocktail parties, and the large, old-fashioned, frankly glamorous picture-hat. This particular hat is made from lacquered yellow straw, with Petersham binding and David Shilling describes it as a "24-hour hat."

COOKERY

Easter treats

BY PHILIPPA DAVENPORT



CHICKEN AND LAMB are the meats with which Easter is traditionally celebrated in many countries. In Britain we tend to sorve them simply roasted. In Italy and Greece, where Easter occurs while the lemon season is in full swing, the meats are more likely to be dished in a fragrant lemony sauce or to be garnished with a glorious mixture of lomon zest and fresh greon herbs. This marriage of young meat and citrus fruit is a happy one. Such dazzling freshness of scent, taste and colour makes spring seem a reality, not merely a promise.

Abbacchio brodettato is a delicate dish of very young lamb, gently cooked with herbs, prosciutto crudo and wine, and fioished with a creamy light sauce of egg yolks and lemon.

Although it is a Roman speciality, I first ate it in Sardinia, in the pale sunny courtyard of a farmhouse one Easter Sunday after a long morning in church. The lunch table was draped with a snowy cloth and decorated with branches of lemon—crisp linen, green leaves and keen citrus scent. A dish of steamed and lavishly buttered spinach, piles of carta di musica (the unleavened bread of the island) and many bottles of local wine accompanied the Easter lamb. Olives aod pecorino sardo (ewe's milk cheese) preceded it. Chocolates and bitter black coffee followed, and more wine. Later we indulged in the local sport of shooting citrus fruit from the trees.

Lemons and herbs also flavour the Greek recipe which follows, bnt there the similarity ends. Kotopoulo sto fourno is quite different in character. It is basic, almost primitiva food —a chicken and potatoes, simply scattered with lemon, herbs and olive oil, and baked in a hot oven. Haute cuisino addicts may find it too austere. I love it and find it like plain bread and butter or a glass of creamy cold milk, a vital occasional antidote to gastronomic extravaganzas.

Kotopoulo sto fourno is popular all over Greece and before domestic ovens became commonplace you would often see women carrying it to the village baker for cooking. I remember helping to prepare it in the electricityless Greek island home of some friends abont 25 years ago, picking marjoram and thyme growing wild in the hills and lemons from a tree in the garden.

Here in Britain we are, of course, denied the exquisite pleasure of lemons straight from the tree. However, by importing from many countries, by following the fruiting season round the lemon-growing world, we can at least enjoy a continual supply with plenty to choose from—and lemons always warrant careful shopping.

I hold no brief for Gargantuan lemons. Their extra girth rarely contains more juice, just an indecently thick layer of bitter white pith which is well nigh useless to the cook. Medium-size lemons, or even small ones are usually better value, but more important than size is general eppearance and feel.

Avoid lemons that are heavily dappled with green: they are thin-tasting and aromatically mean. Bypass lemona that are buttercup yellow with lack-lustre skins: they are past their prime and are beginning to dry out. Buy those which are an acidly fresh yellow, which feel heavy for their size and are unblemished by soft spots.

Whether the rind is knobbly or smooth does not matter much, although smooth-skinned varieties tend to be juicier. What is more important is that the rind should glow with good health. When flicked with a fingernail it ahould release a spurt of headily-scented aromatic oils.

Display lemons briefly at room temperature by all means (I sometimes decorate a dinner party table with lemons and bunches of parsley piled pyramid fashion on a plate, and usa both ingredients in cooking next day) but long-term storage in warm conditiona is e bad idea.

Once picked lemons are best kept cool. Store them in an old-fashioned north-facing larder if you are lncky enough to have one, or in the salad compartment of the fridge. It is however advisable to bring lemons to room temperature about an hour before using because if very cold they will be reluctant to yield up their full quota of juice.

It is always worth grating the zest of a lemon, even when a recipe calls for lemon juice only. If not needed for immediate use, the zest can be frozen — and it can be used straight from tho freezer to add zing to all sorts of sweet and savoury dishes.

ABBACCHIO BRODETTATO
(Serves 6-8)

Tender delicately flavoured lamb is essential for this lovely dish. In Italy milk-fed lamb is used, hut this is unavailable here. Buy the youngest spring lamb you can find. The strong flavour aod coarser texture of mature lamb would be totally inappropriate.

3 lb boneless very young lamb; 3 oz Parma ham; 4 or 5 spring onions; 3 celery stalks; a little unsalted butter and olive oil; 7½ fl oz dry white wine; 7½ fl oz water or light stock; parsley and marjoram; 1 lemon; 3 egg yolks.

Cut the lamb into generous bite-size pieces and colour them, in batches, in e little hot oil and butter. Remove and reserve. Cut the ham into small stripa and chop the vegetables finely. Fry them gently for a few minutes before returning tha meat to the casserole.

Pour on the wine, let it bubble up to the boil, then reduce heat slightly and leave to simmer for about 10 minutes so that tha liquid reduces considerably.

Add the weter or very light stock, a little salt, a good grinding of pepper, and a sprig or two of parsley and marjoram tied together with string. Reduce heat to very low, cover the casserole and simmer very gently until tha lamb is perfectly tender (about 45 minutes) just stirring and turning the meat occasionally.

Lightly beat the egg yolks in a cup together with the finely grated zest of the lemon, 1½ tablespoons lemon juice and 4 or 5 tablespoons of chopped fresh parsley. Stir in a few spoonfuls of hot liquid from the casserole, then stir the contents of the cup into the casserole. Cool, stirring continuously, for about 5 minutes while the fragrant sauce thickens slightly. Be careful to keep temperature well below boiling point or tho sauce will curdle. Remove the bunch of parsley and marjoram and adjust seasoning to tasto before serving.

New potatoes steamed in their skins go well with this dish.

KOTOPOULO STO FOURNO
(Serves 4-6)

Tho success of this dish depends on using a fresh chicken which tastes of chicken. I use maize-fed birds sold under the Moy Park label. Choose potatoes which weigh about 5 oz each: if possible they should be oval in shape.

1 plump fresh chicken weighing abont 3½ lb; 1½-2lb potatoes; 1-1½ lemons; fresh marjoram, thyme and parsley (preferably flat-leafed parsley); olive oil and boter; salt and black pepper.

Grate the lemon zest and put it inside the chicken together with several sprigs of each herb and a little salt and pepper. Rub the skin of the chicken all over with salt and pepper, then rub it all over with a cut half lemon, squeezing the juice onto the chicken as you do so. Set aside for 1 hour.

Lay the chicken, breast down, in the centre of a shallow roasting pan containing ¼ pt water or light giblet stock. Peel the potatoes, quarter them lengthways end arrange them, in a single layer, around the chicken.

Squeeze the juice of at least half a lemon (or a whole lemon for pronounced citrus flavour) over the potatoes. Chop 2 tablespoons of each berb and scatter them over the chickeo and vegetables. Then drizzle the chicken and vegetables with 2 tablespoons or so of olive oil and dot with about 2 oz butter —or use all olive oil

Bake at 425 F (220 C) gas mark 7 for 30 minutes. Turn the chicken breast up and baste everything well with the pao juicea. Bake for a further 45-60 minutes until the chickeo is golden and teoder and the potatoes have absorbed the flavourings and ere lightly gilded. Lift the chicken and vegetables occasionally as they cook to prevent them from sticking to the pan base and, if necessary, add a few spoonfuls of boiling water to the pan to prevent drying out.

Bedtime stories

IT IS curious how extraordioarily fashionable the English look has become. Without wishing to offend those who live in Scotland, Wales or Ireland, whatever it is that we mean when we talk of "English Style" has become synonymous with a certain sort of contemporary chic.

Whether it be a Herbert Johnson hat, a Colefax & Fowler chintz, a Burberry raincoat or a perfume from Floris, its very Englishness is a potent part of its appeal.

Yet it is hardly any time at all since "Eoglishness" was more to be associated with shabbiness and lack of style. While the snappy dresser hoped to he taken for French, tha owners of modish homes aimed for more of a Scandinavian or a transatlantic look.

This rehabilitation of our confidence in our own sense of style has been particularly well-documented recently by e series of sumptuously photographed glossy books all of which are a treat for the curious, taking the lens as they do, right into the heart of the homes of the rich, the titled or the famous.

First we had English Style by Suzanne Slesin and Stafford Cliff, with a couple of reflective essays from Sir Terence Conran and Fiona MacCarthy on just what was and wasn't English Style.

Then came the English Room (text by Michael Pick, photographed by Derry Moore) which concentrated on the upper-crust end of things, castles, manor-houses and titled abodes.

Now we havo the most intimate glimpse of all, a voyeur's dream—The Englishwomao's Bedroom* in which Elizabeth Dickson (who edited it) and Lucinda Lambton (who took the photographs) persuaded some 26 rich, famous or eccentric women not only to allow their most private of rooms to be photographed but to spill the beans on why it is as it is.

At first sight all is a model of fresh country-house charm. Tho chiotz-swathed four-posters, the lace-bedecked beside-tables, tho acres of knick-knacks, of bows and frills is tho most enduringly popular mood.

Possibly the apotheosis of this style is to be seen in the bedrooms of The Countess of Lichfield (whose chintz bedecked four-poster can be seen in the photograph below) and Lady Annabel Goldsmith (who is the only one to talk frankly about the intrusion of malo habits into this almost suffocatingly fominine world). "His (that is her husband's) ultimate crime," she tells us, "is to creep into my bathroom and sit reading the Financial Times and puffing away at one of his endless cigars."

For the rest it seems an almost exclusively feminine arena, a bower of prettiness with scarcely a hint of the demands that the real world make upon most of us—the lace is pristine, the pillows undented by dogs or children, the oceans of chintz freshly-laundered, the whiteness unsullied.

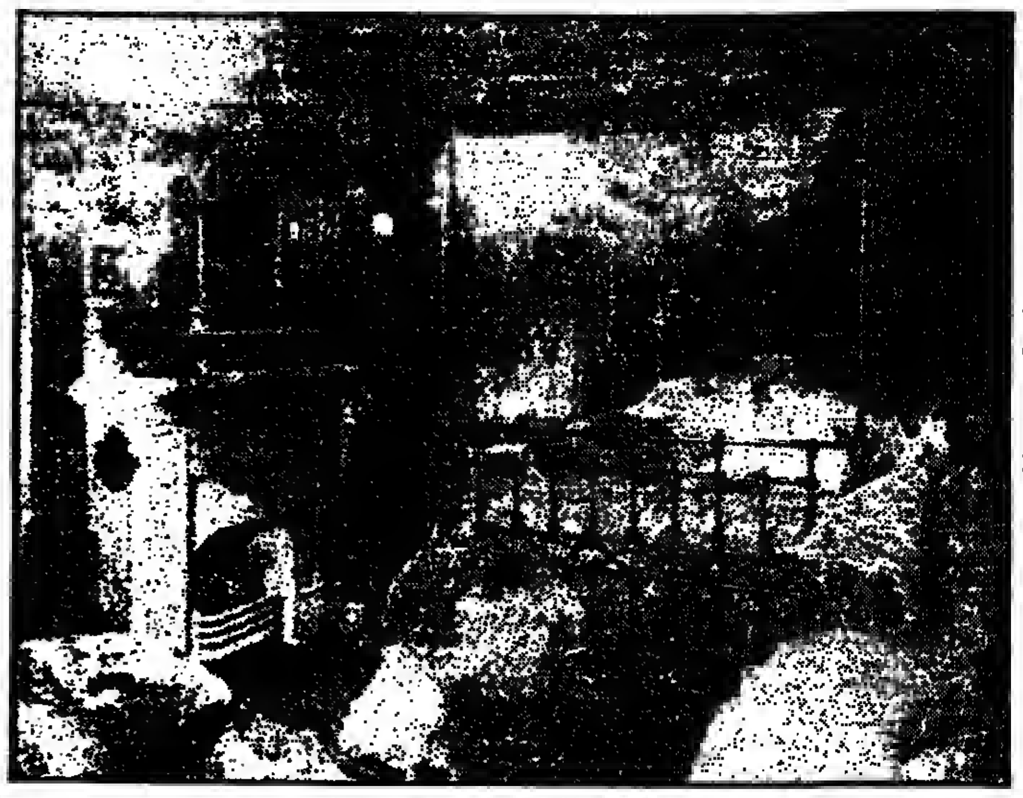
Then there came the simple country cottage merchants, proponents of what Sir Osbert Lancaster labelled "Cultured Cottage" style. There is Jean Shrimpton with her Mediterranean blue walls and country furniture, Lynn Le Grice with her stripped wood floors, hor stencilled walls and lack of clutter and Diana Potter in her tiny Gothic cottage.

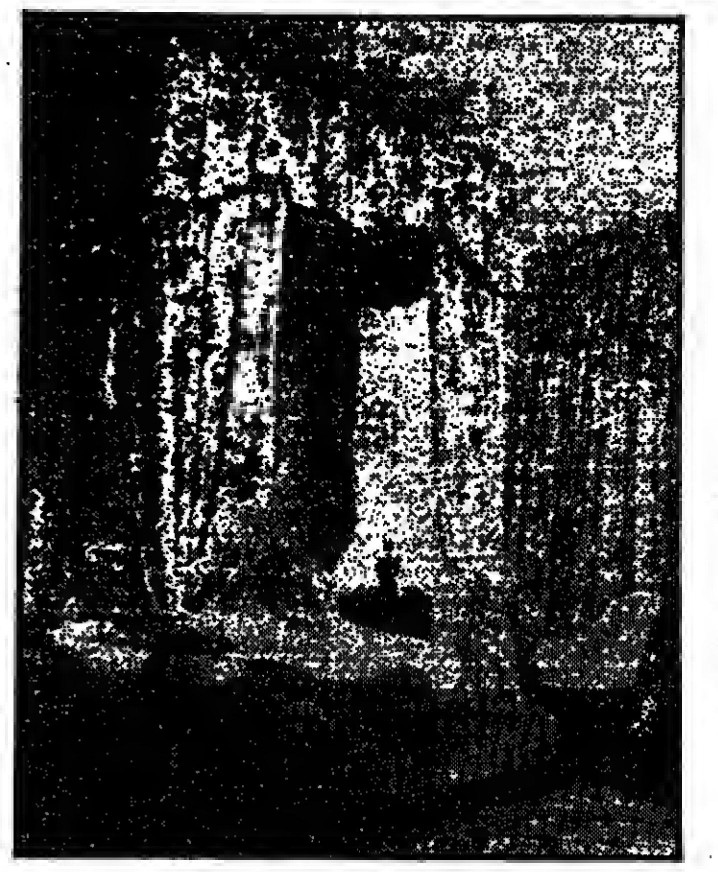
Though all may seem calm and very English on the surface, some genuine eccentrics emerge. Lady Sarah Aspinall's bedroom is awash with conventional onougb glazed chintz but ahe and her husband are currently sharing it with two tiger-cubs. Min Hogg, editor of Interiors, is prone to give dinner parties in ber bedroom, presiding herself from the bed. Dr Christian Carritt, who is admittedly pushed for space, makes her bedroom doubla as a consulting-room—as ahe gets out of her hed, her patients turn up to lie on it. Virginia Wethorell sleeps in a room (photographed above) that looks like the perfect monument to Miss Haversham'a madness and so cool a customer is dedicated businesswoman Anita Roddick that sha regards her bedroom as "just another item on our agenda

The curious will enjoy this book for its glimpse into houses they are unlikely ever to enter, but it loaves one with a strange sonse of having dipped too deeply into the blancmange and longing for a bit of spice. All that hygienic prettiness, those impossibly pretty women and their even prettier children . . . does nothing ever ruffle those frills?

If the bed indeed be the "symbol of life" as the introduction tells me de Maupassant once wrote, then these particular lives seem to have a curiously antiseptic quality.

* Published by Chatto & Windus at £14.95.





"This room rekindles romance," says Virginia Wetherell of her lace bedecked room, above. "This is the first bedroom that I have felt really happy with," says the Countess of Lichfield of her flower-laden boudoir, left.

POSTSCRIPT

AFTER browsing through The Englishwoman's Bedroom, even the most casual of readers cannot fail to ootice that the large square Continental pillow, frothily eocased in snowy white frills, is *de rigueur* in the smartest bedrooms. Besides being *de rigueur* they also happen to be extraordinarily pretty and do more to give a bed an air of sumptuous luxury than almost anything else I know.

Whilst the antique pilloweases that fit them can still be found in many antique shops and stalls specialising in old linens and lace, finding the pillows themselves is more of a task.

I see with interest that Limericks, a wonderfully old-fashioned mail order company specialising in simple basic household textiles, has started to sell them. Limerick operates entirely by mail order from Limericks Linens, Limerick House, 117 Victoria Avenue, Southeod-on-Sea, Essex, and it is happy to take telephone orders if you have e credit card.

Besides the 27 in. square pillows filled with curled feather, at £20.35 each, it also sells plain white all cotton pillowcases to match (£4.40 each).

It sells plain polycotton sheets as well as 100 per cent cotton bedlinen in a variety of plain colours and candy stripes. If you're feeling extravagant, there are pure Irish linen sheets (these you may be interested to know cost £211 a Kingsize pair) or you can buy cotton sheetings by the yard (very economical this at £3.20 per metre, 90 in wide) and make your own. There's linen sheeting, too, at £26.50 per 90 in metre.

There are old-fashioned linen glass cloths of the sort that leave no fluff on glasses or dishes (£2.50 each or £14 for 6). If you're a believer in plain white pure linen Huckaback towels, then Limericks will sell you the linen by the metre (£4.20) or the cotton version either by the metre (£2.65) or made up into 22 in by 38 in hand-towles (£2.80 each).

In other words, if you hanker for the plain old-fashioned household linens that are now so difficult to track down, Limericks could be the answer.

●

IF YOU'RE a shopper, you really should aim to be everage—anything smaller or larger than the desirablo decreed "norm" and you're in for a tough time. A few weeks ago we told you about Little Women, catering specially for the pint-sized. Those with exactly tho opposite problem will like to know that Tall Girls, a specialist shop for those who tower over most of their peers, is currently being given a revamp.

It has always specialised in clothes for the larger than averago but Marie Helen Davis (who, needless to say is French) is aiming to give it much more chic, as well as a younger, fresher look. "Before, it was, how shall we say? a leetle dowdy?"

The clothes all tend to havo lower waists, longer sleeves and longer hems to give plenty of roominess. On the whole they are made specially for the shop, under the close supervision of Marie Helene Davis, by small manufacturers. Shoes, too, are made especially for them, mainly in Germany, Spain and Portugal.

Clothes are stocked in sizes 14 to 22 and shoes in sizes 8 to 11. The shop itself is called Tall Girls and is at 17 Woodstock Street, London W1.

●

IF YOU'VE recently tried to get anything of your belongings dyed yon will realise that it is becoming a fast-disappearing service. Harry Berger of 25 Station Road, Cheadle Hulme, Cheadle, Cheshire (tel 061-485 3421) runs a comprehensive dyeing service by post. He offers 32 different basic colours, and detailed advice on fibres, fabrics and special items. Ha also has 65 local agents throughout the UK and he will supply addresses on request. Potential customers should send a SAE 9 in by 4 in (or larger) for full details. For e coloor chart send 32p in stamps or postal order.

●

More feedback from an earlier erticle — this time on spectacles. All those commuters arriving at Victoria station and finding they bave left their glasses behind might like to knock about thet onl yshop in London that sells reading glasses without prescription over-the-counter. Nobody is pretending that this is a substitute for a proper check by a qualified optician and for glasses made up to your own prescription, but for emergencies, for a second pair or for those who need simple magnifying lenses (seven different strengths are available) they are a quick and inexpensive aid.

The Glass House at 7, Wilton Road, London, SW1, employs a qualified doctor on the premises who supervises each sale in line with the recent legislation which requires it.

Certainly those who find themselves temporarily lost and belpless without their usual spectacles might like to know of this convenient, inexpensive service. Prices range from £9.75 to £19.75 for frames and lenses.

ARTS

Sakharov film has it taped

It's not often that video viewers get first bite at an eagerly-awaited film. But *Sakharov*, directed by Jack Gold and starring Jason Robards and Glenda Jackson, comes out in cassette this month ahead of any scheduled showing on TV or in the cinema.

Is this good news or bad? Should VCR owners rejoice at a gladsome scoop? Or should they wonder if they're seeing the film first because—as with so many video premieres—it's a doomed turkey with nowhere else to go?

Something of each, is the answer. The pride of the movie is two superb performances by Robards and Jackson. Like prime marathon runners they keep their chins up and their elbows pumping as Andrei and Yelena Sakharov, even as other characters collapse around them or require the constant assistance of a wet sponge. They pant bravely through the stations of David W. Rintel's two-hour biopic script about the Russian dissident—from scientific eminence as father of the H-bomb to KGB persecution and incarceration.

Robards cracks out wisdom and humanity from that lenten skull-like face, and his acerbic rasp of a voice lends edge to a portrait that could otherwise have evaporated in piety. Likewise Jackson, alternating her sour-lemon snarls of indignation with the constant kindling of credible compassion.

All the sadder that Gold and Rintels see the struggle between State and Dissidents as not much more than a galumphing set-to in moral black-and-white between the Goodies and the Baddies. The Goodies are dishevelled, articulate Bohemians ever-surrounded by books and children (a sort of Hampstead-on-the-Volga); the Baddies are stuffed-dummy *apparatchiks* (inc. Nicol Williamson, Michael Bryant) looming over giant desks. And this Manicheism Moscow-style isn't helped by such crudities as Glenda shouting "Fascists!" whenever anyone gets on her political wick; or by the cor-blimey rhubarbing of the extras whenever our hero and heroine cross the screen. ("It's the Sakharovs," "Yes, the *Sakharovs*" etc.)

In addition—let's get all the bad news out of the way together—Tony Imi's fine colour photography is served rottenly in places by the video *transfer* (at least in my copy) which deals out blobby face-tones and fuzzy picture definition.

What the film *does* do, in *compensation*, is unspool away for 120 minutes without ever quite giving one the fidgets. Often, a line of good dialogue will leap dolphin-like out of the sea of hearsay and cliché. "We just study, we don't action," says a dissident to Sakharov, complaining of KGB harrassment. "In the Soviet Union, to study is to take action," Sakharov quips bleakly. Carl

VIDEO

NIGEL ANDREWS

Davis's music is decently moody and restrained (unlike the horrors he perpetrated for *Champions*). And always there is the hypnotic hold of a true story.

James Dean: The First American Teenager (Thorn-EMI) also is a true story, though told with large doses of hagiography in this feature-length documentary written by Ray Connolly.

"All of us were touched by Jimmy, and he was touched by greatness," piously burbles Natalie Wood, his co-star in *Rebel Without A Cause*. And equally lavish with the icky tributes are Dennis Hopper, Carroll Baker, Nicholas Ray and Sal Mineo. But between contributions from them we dive into clips from Dean's three starring movie roles, where we sample his weird mixture of genius and fakery, passion and pretension: the horribly overdone self-pity (in *East of Eden*), the slouching but oddly mesmeric youth-in-revolt image (in *Rebel*) and—his best role—the overgrown baby as oil tycoon, a voice squalling in the *Texas wilderness*, in *Giant*.

We also goggle in appalled fascination at Dean's early TV appearances (one in biblical garb as the apostle John!) and at the off-the-set pictures of Dean as a scraggy, spectacled youth whom few casting directors would look at twice. But then, Dean's career thrived on irony and paradox. In 1955, he made a TV road safety commercial—shown here—in which his last words to the public were, "Take it easy driving, huh? The life you save might be mine." Some weeks later, driving too fast to a motor race, he crashed his Porsche and was killed, aged 24.

There's no business like shows

Antony Thorncroft discusses sponsorships as the way to boost revenue for the arts

ON TUESDAY, Lord Gowrie, the Minister for the Arts, will once again forget that he also is a Treasury minister and indulge in his secret vice of giving away money. Thirty-five arts organisations will receive government cash—but only because they have been able to attract even bigger sums from business.

Lord Gowrie launched his Business Sponsorship Incentive Scheme (BSIS) last October. Under it, the Government would top up any "new" arts sponsorship scheme, in the ratio of £1 for £3. Earlier this month, he extended the idea; to encourage contributions from small companies, an arts group that persuades a business to give it £1,000 could qualify for another £1,000 from the Government.

Tuesday's hand-outs will exhaust the £500,000 that Lord Gowrie managed to squeeze from the Treasury; but from April 1 there will be £1m more, which should last a year. However, judging by the response to the idea, this sum will be spent before Christmas; and Mr Colin Tweedy, who heads the Association for Business Sponsorship of the Arts (ABSA), which administers the scheme, expects to be petitioning for more money by late summer.

For the Government, this "challenge funding" represents the future for the arts in the UK. Lord Gowrie has repeated so often that the arts cannot expect any real increase in government subsidy that the arts companies are beginning to get the message and to realise that, for growth, they must look to more box office revenue, private sponsorship, and business aid. Local authorities might also, against the odds, rally around more.

For its £500,000 stake, the Government reckons it has boosted arts sponsorship by £2.5m. This year, the arts will receive around £17m in direct aid from business compared with £4m just five years ago. It almost has become the smart thing to do. It will never compete with government subsidy—the Arts Council has £105m to distribute in 1985-86—but it could be the difference between survival and closure.

Lord Gowrie has chosen the Guildhall, where ABSA has got together with the Association of Independent Museums, to hold his latest prize-giving. The occasion is a drive to attract more industrial aid to museums and two, the Motor Museum at Beaulieu, and Ironbridge, will be among the recipients. Other new sponsorships will include £20,000 from the National Westminster Bank to Opera 80, which will also get £6,500 in Government topping-up cash; £12,500 from Unilever to Merseyside Arts, with £4,500 from the Government; and £200,000 from IBM South for the Commonwealth Institute—which gains £25,000 from the Government, the largest amount possible under the system.

The Minister has been keen to attract new sponsorships to the regions, and to some of the less glamorous arts organisations; and the quick response from smaller companies to the £1,000 initiative suggests that there will be more activity out of London. But many companies still prefer the safety and the prestige of the big event. Covent Garden, for example, received £150,000 from BPCC and the Heron Group in a joint funding of its new production of *The Nutcracker*, and got £25,000 from BSIS. Chichester Festival also has announced a major new sponsorship — £250,000 from Nissan, with the usual £25,000 sweetener.

Japanese companies are proving enthusiastic patrons of the arts. As well as Nissan, Nikon has come to the aid of the present Mahler Festival based on the Barbican; Mitsubishi is helping the English String Orchestra; and the English Chamber Orchestra has the backing of Sumitomo. Canon is a sponsor of the Northcott Theatre in Exeter while Mitsui is now promoting a lavish festival of contemporary Japan that is benefiting, among others, the hard-pressed Riverside Studios.

While foreign companies loosen their purse strings, the traditional friend of the arts, the tobacco industry, is retrenching. John Player is not repeating its three-year support of the National Theatre touring operation and Benson and Hedges has dropped its singing prize at Covent Garden. This reversal is less disillusionment than a reflection of more difficult trading conditions.

Some giants whose aid for the arts has been unexceptional in the past are now facing up to their obligations. ICI, for example, is showing more interest and its Agricultural Division is helping the local Bellingham International Folk Festival to the tune of £13,600, as well as the Northern Sinfonia. There also are imaginative firms that see aid for the arts as part of their community programme: Citibank is active with ethnic groups in Brixton, and NatWest and BP also are involved in the arts in inner cities.

Business will find the arts in a very responsive mood these days. The National Theatre is looking for sponsors of its main house productions and ABSA has already had enquiries; while the English National Opera is about to announce that Olivetti is giving £50,000 towards a new production. Few arts administrators hold aloof and — fortunately — their acceptance of a role for industry in their activities is coinciding with a more realistic appraisal by business of what it can gain from helping the arts.

Dulwich appeal gains £25,000

The Dulwich Picture Gallery appeal is to receive £25,000 from the Government. This takes the appeal above the half-way mark in its drive for £500,000. The money is needed to ensure an endowment and to make the gallery, which contains one of the choicest collections in the country, more secure. However for much of the next 12 months 36 of the finest pictures from the gallery will be on a money-raising tour of the U.S. Their place will be taken by paintings from the reserve collection.

Degas exhibition for the Hayward

An exhibition organised by the Boston Museum of Fine Arts to commemorate the 150th anniversary of Degas' birth, *Edgar Degas: The Painter as Printmaker*, is having its only European showing at the Hayward Gallery from May 15 to July 7, running concurrently with the 1985 Hayward Annual exhibition.

Pinter, the actor, struts his stuff

RADIO

B. A. YOUNG

It was good to be reminded that *Harold Pinter* was once also an actor. On Sunday, he read two of his short prose pieces on Radio 3: his memoirs of the Irish Shakespearean actor, *Anew McMaster*, and of the Somerset and England cricketer, Arthur Wellard. McMaster last played in England at Stratford, in 1933. After that, he toured Ireland until his death in 1962. For two years Pinter was in his company, playing parts like Horatio, Bassanio, Cassio. Wellard was a powerful batsman who preferred to make his runs in sixes if possible. He had stood up to Larwood and Voce ("a bit quick") and played club cricket into his seventies.

Few of us can have heard McMaster, or talked with Wellard. If they were at all as Edward de Souza played them for Mr Pinter, we missed a treat. We might have missed more by not having heard Pinter the actor, for his reading on Sunday was ideal.

Those who can receive the World Service (463 metres, MW) might have heard *More Out than In* by Bernard Kops on Saturday and Sunday. This is the story of mad Brian, who, after 20 years in a mental hospital, having killed his mother, is released to a home for "after care." The other occupants are no better able to look after themselves than he. He thinks his medicine is bad for him and leads some of them out, to go hop-picking in Kent (in February!)

Disaster ensues; and when they go back, Brian in his dispirited condition, takes the blame for burning down a church, actually the work of an arsonist fellow-sufferer. Mr Kops omits details of the subsequent trial; but the judge reckons Brian capable of his actions and gives him five years. The play is pathetic, and also instructive, but I'd have liked it better if Mr Kops had been less consciously literary. The exemplary company included Ian Holm as Brian, Ron Pember and Frances Jeater among his mates, and Jane Wenham as Mrs Killick, the alarming "proprietor" who treats her guests like naughty children. The director was Gordon House.

Still outside my usual territory, two pleas for the under-privileged. *Dole, Desperation, Dejection* from BBC Radio Cleveland was a pre-Budget alarm to remind the fat cats of the South about the continuing distress of the North-East. The title expresses the life-cycle of the long-time unemployed in Cleveland, Whitby and Teesside where 82 per cent of young people still await their first job. Easy to blame it all on the Government, as the programme did in the voice of Sir Timothy Kitson as well as the voices of the young workless. But at this point in time, blame is less important than cure.

In the North, unemployment; in the Midlands, murder. BRMB ran a chilling feature on Thursday, *Killer on the Loose*, about a dozen unsolved cases in the Birmingham area. The slow, sensible voices of senior detectives described the finding of bodies, establishment of incident-rooms, sometimes the submission of a case to the director of Public Prosecutions, only to have it turned down. Occasionally, the police are positive they know their man; but if the evidence isn't adequate for a conviction, no arrest can be made.

From BBC *Publications* comes *With Respect, Ambassador* based on the eponymous series on Radio 4 last year, about the Foreign Office and the Diplomatic, by Simon Jenkins and Anne Sloman. I found the broadcasts riveting, and the book more so (because, though I shouldn't be saying so, reading absorbs one more than listening). Hardback £7.50, paperback £3.95, 144 pages.

And from Elm Tree Books, *The Way to Write Radio Drama* — too ambitious a title for William Ash's able book. With respect to teachers of "creative writing," you can't teach how to write — only how to put it down, sort it out, submit it. Mr Ash, 15 years a BBC script editor, fulfils these functions well, with generous quotes, at sensible length, to show how points are made. £8.95 hardback, £4.95 paperback, 136 pages.

Mackerras appointment

Sir Charles Mackerras has been appointed musical director of the Welsh National Opera to succeed Richard Armstrong, who becomes the company's principal guest conductor.

When Chamberlain wrote to The Times

By Antony Thorncroft

Tucked away in the tiny Crawford Room, a yard or so from Magna Carta and the nation's greatest historical manuscripts, the British Museum is celebrating "Signs of The Times," 200 years of the most influential newspaper in British history.

The Times has contributed copiously from its own archives for an exhibition that has the same impact as a page of shrieking headlines. Where to go first —to glance at the forged letter, purporting to be by Parnell and showing him soft on Irish terrorism? The Times wanted the letter to be genuine—a piece of self-delusion that cost it £200,000 in damages (around £6m in today's money) and left it weak and in decline and unable to resist the Northcliffe takeover a few years later.

Then, there is the telegram from Northcliffe himself—who had no doubts that a proprietor's word was law—asking for livelier editorials and getting the immediate response of The Times Fourth Leader, which epitomised English facetious writing until its quick death in 1967.

The eye is distracted by a blue censor's pencil, which erased some of Kim Philby's report from the front line with the British army in France in 1940. Earlier Times foreign correspondents had better luck: there is Russell's diary of the Crimea, the basis of the reports which made Florence Nightingale a national heroine and alerted an apathetic public to the horrors of war; and in the journalistic coup of the century, Blowitz's details of the Treaty of Berlin made public before the statesman of Europe had actually got around to signing it.

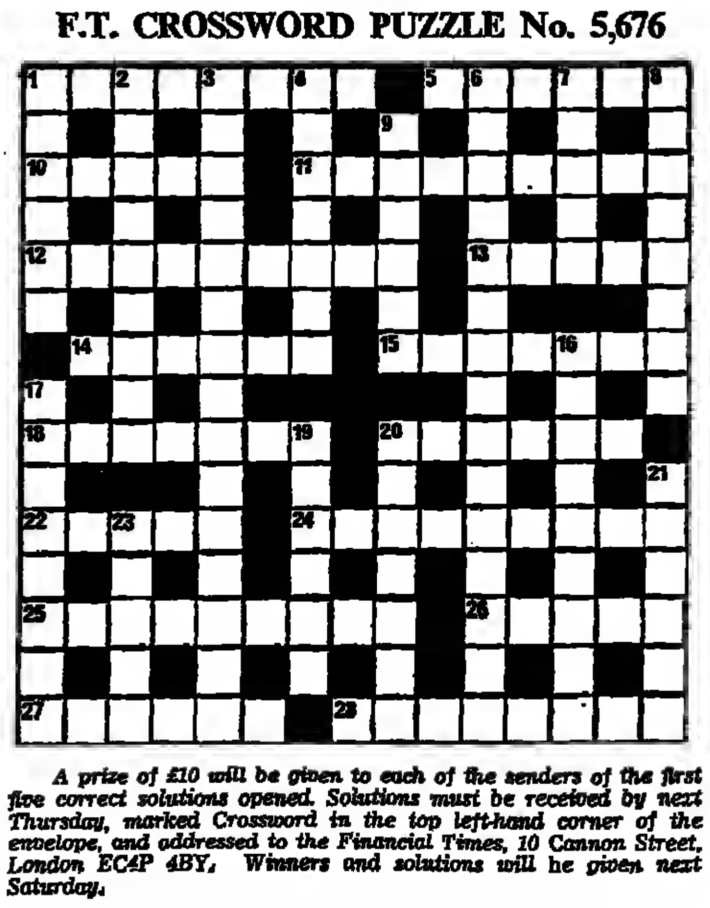
The show is traditional in form; items nestle in display cases and good eyesight is needed to decipher many of the exhibits. But the effort reveals the tortuous history of a newspaper — from standing for reform (as in the case of Catholic Emancipation) to siding with the Establishment (the actual page is reproduced showing Dawson's changes to a leader which suggested the British Government was not entirely unsympathetic to Hitler's designs on Czechoslovakia).

Chamberlain is represented in an endearing light—in the form of a letter he wrote to The Times after spotting a wagtail in St James's Park. But the more frivolous features of the paper get short shrift: this is The Times that made history rather than the commuter's friend.

The printing side is touched on, only cursorily, although it was founder John Walter's enthusiasm with "logographic" type that allowed whole syllables rather than individual letters to be set in metal and launched the enterprise. Pictures are given a better spread. It was Northcliffe again, who, in an attempt to liven up his possession, asked the picture editor to produce within an hour or so a page of pictures: it must have been a surprise for the editor, but the back page montage lasted for many years.

Only one copy of the first edition remains, and it is on display. It was for the Daily Universal Registrar—the snappier title did not appear until 1788, which will not doubt provide The Times with an excuse for another celebration. Anyone who cannot wait should choose a quiet time to visit this exhibition, because it is cramped both in display and in area. You have until June 30.

F.T. CROSSWORD PUZZLE No. 5,676



A prize of £10 will be given to each of the senders of the first five correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10 Cannon Street, London EC4P 4BY. Winners and solutions will be given next Saturday.

Name ....

Address ....

....

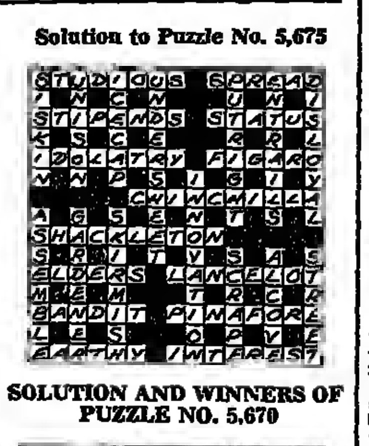
ACROSS

1 Hansom puller — E probably doesn't like C much either! (3, 5)
5 Father of the House, perhaps, like long grass (6)
10 Drunk but not noisy? (5)
11 Pale, due to funny diet with some chocolate in it (9)
12 Wages for cub scouts, a type that's turned round (3, 6)
13 Cause of disease to man in Latin America (5)
14 Tile given to public house on a junction (3-3)
15 Injector in grey's gone wrong (7)
18 He makes provision for one to look at a king and queen twice (7)
20 Stick firm at this point (6)
22 Better half of Holland (5)
24 Princess takes juice before fruit to become invisible (9)
25 Obsession requires doctor: nobody gets one first (9)
26 An attempt to shame? (5)
27 Luck if hard, not chalk (6)
28 Deutschland in Arab port, almost soundless — extra (8)

DOWN

1 A little rough copy, including hire and purchase? (6)
3 William Butter (5-4)
3 The MA's for the lad, oddly, that continues to roll along (3, 6, 6)
4 Parody about U.S. general applied to a mouse (7)
6 Concentrated on particular spot? Widely diffused! (3, 4, 3, 5)
7 Boy who gets out to finish (5)
8 Its speed is affected by lateral movement (8)
9 Gape, in strict usage (6)
16 Rude man is upsetting Nanny (9)
17 Fellow, maybe, of no practical use (8)
19 Animal whose lair is in decay (6)
20 Sort of apple or pie, light, a portion chewed outside (7)
21 A Navy border battle (6)
23 Tight for time? (5)

Solution to Puzzle No. 5,675



SOLUTION AND WINNERS OF PUZZLE No. 5,670

Mrs A. Poynder, 8 Portland Place, Whittlesey, Peterborough.

Mrs V. Tiller, 62 Hillside Road, Ashtead, Surrey.

Mr R. Cawood, 12 Lonsdale Road, Scarborough, Yorkshire.

Mr J. Wilson, 25 rue de Flaxweiler, 6951 Olingen, Luxembourg.

Mr P. Evans, 85 Brecon Rise, Pant, Dowlais, Merthyr Tydfil, Mid-Glamorgan.

CHESS SOLUTIONS

Solution to Position No. 560

Yes. 1 P-N6? loses to NxB! 2 P-N7, N-B7! 3 KxP, N-Q5 ch; 4 K-K3, N-B3.

Solution to Problem No. 560

1 R-N4, PxR; 2 Q-N5 ch, RxQ; 3 N-B4 mate. If 1...R-N3; 2 Q-R6 ch, KxQ (RxQ; 3 R-N5); 3 RxP. If 1...P-B5; 2 N-N7 ch, KxR; 3 Q-N1.

TODAY'S TELEVISION AND RADIO

† Indicates programme in black and white

BBC 1

8.30 am *Roobarb*. 8.35 *Battle of the Planets*. 9.00 Saturday Superstore. 12.12 pm *Weather*. 12.15 Grandstand, including 12.45 News Summary; Football Focus; Boxing; Racing from Newbury; Snooker; Ice Hockey; Rugby League and Final Score at 4.50. 5.05 News. 5.15 Regional Programmes. 5.20 Doctor Who. 6.05 Jim'll Fix It. *6.40 The Laughter Show*. 7.15 One by One. 8.05 Dynasty. 8.50 Bergerac. 9.45 *News and Sport*. 10.00 "Dog Day Afternoon," starring Al Pacino.

Regional Variations: Wales — 5.15-5.20 pm Sports News Wales. Scotland —5.15-5.20 pm Scoreboard. 10.00 Sportscene. 10.30-12.30 am The Late Film "Dog Day Afternoon."

Northern Ireland — 4.55-5.05 *pm* Northern Ireland Results (opt-out from Grandstand). 5.15-5.20 Northern Ireland News. 12.00-12.05 am Northern Ireland News Headlines.

England—5.15-5.20 *pm* London, Sport; South-West (Plymouth). Spotlight Sport and News; All other English regions, Sport and Regional News.

BBC 2

6.25 am-3.10 pm Open University. 3.10 *Saturday Cinema* (1): "Stromboli." 4.30 Saturday Cinema (2) "It *Started in Naples*." 6.05 *Snooker*. 7.00 The Day the Universe Changed. 7.50 *News and Sport*. 8.05 "Modesty Blaise," starring Monica Vitti. 10.00 Harty Goes to . . . Tyneside. 10.30 Snooker. 11.45-12.40 am Rugby Special.

LONDON

6.15 am TV-am Breakfast Programme. 9.25 LWT Information. 9.30 Cartoon Time. 9.30 Scooby, Scrappy and Yabba Doo. 10.00 No 73. 11.05 The Fall Guy. 12.00 World of Sport. 12.05 *pm Motor Cycling*. 1.05 *News*. 1.10 On the Ball. 1.40 World Cup Skiing. 1.55 *Motor Cycling*. 2.10 *Racing from* Doncaster. 2.25 Darts. 2.40 Racing from Doncaster. 2.55 Darts. 3.10 Racing from Doncaster. 3.30 Darts. 3.45 Half Time Soccer Round-up. 4.00 *Wrestling*. *4.45* Results. *5.00* News and Sport. 5.05 Blockbusters. 5.35 Robin of *Sherwood*. *6.40 The* Fame Game. 7.20 All Star Secrets. 7.50 T J Hooker. 8.45 The Price is Right. 9.45 News. 10.00 Aspel & Company. 10.50 London News Headlines followed by Auf Wiedersehen, Pet. 11.50 Magnum. 12.45 am Bizarre. 1.10 *News from London*. 2.05 *Night* Thoughts.

CHANNEL 4

1.05 pm Black and White and Read All Over. 1.30 The Making of Britain. 1.55 "The Adventures of Mark Twain." *4.20 Position of Trust*. 5.05 Brookside. Omnibus. 6.00 The Other Side of the Tracks. 7.00 *News Summary followed* by Union World. 7.30 Credo. 8.30 My World and Welcome to it. 9.00 The Green Line. 10.00 Hill Street Blues. †11.00 "Tread Softly Stranger." 12.45 am Dadarama.

S4C WALES

1.40 pm A Question of Economics. *2.15 A Week in Politics*. *3.00* Repercussions. 4.05 The British at War. 6.05 *Where in the World?* *6.30 The* Avengers. 7.30 Newyddion. 7.45 Siôn a Siân. 8.15 *Partrsedau*. *8.45 Pedwar ar Bedwar*. 9.20 Y Maes Chwarae. 10.25 Sugar Troupers. 11.25 Feature Film: "The Ledger."

IBA Regions as London except at the following times:

ANGLIA

9.25 am Bugs Bunny. 11.05 Chips. 11.50 pm Paul Simon—Hearts and Bones. 12.20 am At The End of the Day.

BORDER

9.25 am Cartoon. 11.05 Chips. 5.05 pm *Cartoon Alphabet*. 11.50 Shelley.

CENTRAL

9.25 am The Adventures of the Blue *Knight*. 11.05 Chips. 5.05 pm Cartoon Alphabet. 11.50 Shelley.

CHANNEL

9.25 am Cartoon: Roger Ramjet. 9.57 Puffin's Pla(i)ce. 11.59 Channel Islands Weather Summary. 5.05 pm Puffin's Pla(i)ce. 5.10 The Smurfs. 11.50 *Live* from London.

GRAMPIAN

9.25 am Cartoon—"Hare-Do." 11.05 Chips. 11.50 pm Teachers Only. 12.20 am Reflections.

GRANADA

9.25 am Bugs Bunny. 11.05 Chips. 5.05 pm Diff'rent Strokes. 11.50 The Saturday Film: "The Night Strangler."

HTV

9.25 am Bugs Bunny. 11.05 The Little House on the Prairie. 11.58 HTV News. 5.05 pm Cartoon Alphabet. 11.50 Jazz Special.

SCOTTISH

9.25 am Bugs Bunny. 11.05 Chips. 11.50 pm Late Call. 11.55 Rock of the Seventies.

TSW

9.25 am Roger Ramjet. 9.57 Gus Honeybun's Magic Birthdays. 11.57 am TSW Regional News. 5.05 pm Newsport. 5.10 The Smurfs. 11.50 Live from London. 12.45 am *Postscript*.

TVS

9.25 am Porky Pig. 11.05 The Green Hornet. 11.30 Birdman and Galaxy Trio. 11.57 *TVS Weather*. 11.50 pm Jazz Special. 12.20 am Company.

TYNE TEES

9.25 am Morning Glory. 9.55 Young *Lookaround*. 11.05 *Captain Scarlet* and the Mysterons. 11.35 Batman. 11.58 *North East News*. 5.05 *pm* North East News. 5.07 Cartoon Alphabet. 11.50 The Timeless Land. 12.45 am Poet's Corner.

ULSTER

11.05 am Fireball XL5. 11.30 The Jacksons. 1.03 Lunchtime News. 4.55 Ulster Sports Results. 5.03 Ulster News. 5.05 Diff'rent Strokes. 9.45 Ulster News. 11.50 Guess Who's Coming to Dinner. 12.15 am News at *Bedtime*.

YORKSHIRE

9.25 am Regional Weather Forecast followed by Bugs Bunny. 11.05 The Adventurer. 11.35 Joanie Loves Chachi. 5.05 pm Cartoon Alphabet. 11.50 The Master.

BBC RADIO 2

(S) Also Stereo VHF

8.05 am David Jacobs (S). 10.00 Sounds of the 60s (S). 11.00 Album Time (S). 1.00 pm The Impressionists. 1.30 Sport On 2: Motor Cycling; Football *Preview*; *Rugby League*; *Racing from* Doncaster; Football; Rugby Union; Badminton and Sports Report. 6.00 Folk On 2. 7.00 Beat the Record. 7.30 Gala Concert (S). 9.30 Big Band Special (S). 10.02 Sports Desk. 10.05 Steve Jones (S). 12.05 am Night Owls *(S)*. *1.00 Nightride (S)*. *3.00-4.00* Wally Whyton (S).

BBC RADIO 3

7.00 am News. 7.05 Aubade (S). *9.00* News. *9.05 Record Review* (S). 10.15 Stereo Release (S). 11.20 Salz*burg Festival* 1984 (S). (12.05-12.10 *pm* Interval Reading). 1.00 News. 1.05 A Lenten Sequence (S). *2.00* Otto Klemperer (S). 5.00 Jazz Record Requests (S). 5.45 Critics' Forum. 6.35 Pinchas Zukerman (S). (7.05 Interval Reading). 8.00 Geoffrey Bush (S). 8.30 Early Music Centre Festival 1984 (S). 10.15 Thomas Trotter (S). 11.00 Norway After Grieg (S). 11.57-12.00 News.

BBC RADIO 4

7.00 am News. 7.10 Today's Papers. 7.15 On Your Farm. 7.45 In Perspective. 7.50 Down to Earth. 7.55 Weather; Travel. 8.00 News. 8.10 Today's Papers. 8.15 Sport On 4. 8.48 Yesterday in Parliament. 8.57 Weather; Travel. 9.00 News. *9.05* Breakaway. 9.50 News Stand. 10.05 The Week in *Westminster*. 10.30 Pick *of the* Week (S). 11.30 From Our Own Correspondent. 12.00 News; Money Box. 12.27 pm Nineteen Ninety-Four (S). 12.55 Weather. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 News; The Afternoon Play (S). 2.50 Just the Job. 3.00 News; Funny You Should Sing That. 3.30 The Countryside in Spring. 4.15 Home-ing In. 4.45 pm Bolshoi Tyshinsky No 26. 5.00 Wildlife (S). *5.25 Week Ending* (S). 5.50 Shipping Forecast. 5.55 Weather; *Travel*. 6.00 News and *Sports* Round-up. 6.25 Desert Island Discs (S). 7.05 Stop the Week with Robert Robinson (S). 7.45 Baker's Dozen (S). 8.30 Saturday-Night Theatre (S). 9.45 The Enchanted Garden. 9.58 Weather. 10.00 News. 10.15 Evening Service (S). 10.30 Soundings. 11.00 Science Now. 11.30 In One Ear. 12.00-12.15 am News.

LEISURE

June Field on an invasion of East Anglia

Rural England for sale

IF YOU want to buy at the Countryside Collection sale on Friday and Saturday at Church Farm Museum, Martham, Norfolk, then you will need to get a special numbered bidding card at the viewing.

And take your raincoat: not all lots will be under cover in the thatched barn, stables, harness room or blacksmith's forge. Farm machinery and equipment is being sold in the fields. You might also want to admire Trixie and Bluebell, the doe-eyed donkeys, and Zack the cross-bred Hackney who, although they live on the farm, are not part of the sale.

It will be a sad occasion for mushroom farmer Donald Bradfield who, with an almost magpie obsession, began many years ago to collect what he calls "the past of the countryside" and started the museum in 1978.

Devotees have come from the far corners of East Anglia, sometimes from overseas, to examine the exhibits, which are in a working setting. Display figures in smocks load a hay-wain; in the sawpit, the senior man stands on the log sharpening the saw and marking out the cutting lines, while his mate helps to position the wood, standing in the dark pit below while constantly covered with sawdust from above.

The whole spectrum of a bygone rural community is covered, from the cordwainer (a craftsman who worked in leather, making everything from boots and shoes, to harnesses for the horses) to the wheelwright, who made the waggons, carts and gigs for the farmer as well as the phaetons and landaus for the gentry.

But with no government grant or private sponsorship, Bradfield is finding it costs all-too-much to run. He will not give up collecting completely, though, and already is searching for an old wool loom which he wants to preserve as a reminder of when weaving was paramount in the area.

It is the horse-drawn vehicles he will miss most, he says, so he's keeping one trap which his son drives with a competition pair, Gwinnie and Bonnie.

Going under the hammer are a costermonger's barrow, an undertaker's bier, an American four-wheel buggy c 1900, and a turn-of-the-century hansom cab complete with lifelike dummy horse (you should bear in mind that if you do buy an old vehicle, you might not necessarily be able to drive it away as it might not comply with the Road Traffic Act).

The catalogue (£2 plus 50p postage from the auctioneers, Cheffins Grain and Chalk, 49/53 Regent Street, Cambridge, and Savills, 8 and 10 Upper King Street, Norwich) also warns that the Pests Act 1954 prohibits the use of gin and other traps for capturing wild animals or birds.

Among the tradesmen's tools are the farrier's shoeing tripod; the brickmaker's mould (originally used when the rate of pay around 1914 for 2s 9d for every 1,000 bricks made, and a good moulder made 150 bricks an hour); and the marshman's chrome or "dydle," which he used to rake the weeds along the river bank. The marshman's job today is still to make sure that everything is in good condition to withstand the heavy spring tides.

Fairly rare, but not particularly practical, are the fen skates, large foot-gear on wheels, popular in the 1890's when the craze for cycling started and used for long-distance racing on fenland roads. Skaters were allowed to steady or propel themselves along with a stick. The eel-catcher's glaive or spear is an odd-looking fork having three broad, flat tines with serrated edges, essential for capturing the eels for the pie that was the mainstay of the villager's diet in the early years of the century.

Small items such as clay pipes, stoneware ginger bottles, bird scarers and shepherd's crooks could make anything between a few pounds and £100, say the auctioneers; the carriages anything from £2,000 to £3,000; and the 23 lots of fine horse brasses and martingales possibly £4,000 in total. But what price a pawnbroker's sign with the balls missing?

A look at Pearsons Stockbridge sale catalogue from May last year shows that a gamekeeper's man-trap in poor condition made £300, but that demand for vintage tractors was down. Yet, at Bicton Museum near Exeter in October, 35 tractors, some restored, others in "hedgerow condition," sold well, with £5,100 paid for the Overtime "Waterloo Boy" model R.

At Pearsons' sale of fishing tackle and sporting guns on Tuesday at Hampshire College of Agriculture, Sparsholt, near Winchester, a rare 1896 Hardy all brass "Perfect" trout fly reel is expected to make around £2,000. As an indication of demand, a trout reel that belonged to Mr W. R. Hardy, the founder of the fishing equipment firm, and authenticated by his grandson, realised a record £4,400 at Sotheby's in January.

19th century baker's cart in the Countryside Collection sale at Church Farm Museum, Martham, Norfolk next Friday and Saturday.

A prehistoric Pompeii

Gerald Cadogan reports on how a big bang in Greece opened a door to archaeologists looking at life in the Bronze Age

THERA (SANTORINI) in the Aegean is always exciting, particularly if you begin a visit by sailing into the collapsed crater of the volcano that forms the island. The volcano erupted around 1500 BC. The disaster buried the rich settlement of Akrotiri and has left us a prehistoric Pompeii, and it has even been credited with the destruction of the Minoan civilisation of Crete 70 miles to the South.

Is that really the case? Quite likely not. But what is more important than that argument is that nowhere else do we have so much evidence of what life was like in the Late Bronze Age Aegean as in Thera.

On a boat you can be in the middle of the crater. Cliffs of volcanic ash surround you. The main town of Fira perches on the edge and a switch-back mule road comes down to a landing stage. Nearby is a quarry for the ash, which can be mixed with cement and sets under water. That is something the Etruscans discovered, using *pozzuolana*, the volcanic ash (from Pozzuoli (ancient Puteoli) on the slopes of Vesuvius.

In the 1860s the quarrying of the ash of Thera for making the Suez Canal led to the discovery of the Bronze Age remains on the old soil level (the paleosol) below the ash. That was a little before Schliemann started at Troy.

In the middle of the crater are the Kammenes or Burnt Islands. They are black and smell of sulphur and are the beginning of a new cone which is forming slowly. They have erupted from time to time. The grind of plate tectonics likewise ensures that there continue to be earthquakes, one of which hit the island in 1956. That was followed by some depopulation as people left for Athens, but in 1967 new excavations started and tourism has grown ever since.

FIRA has a fine small museum with some of the new finds, and others are in the National Archeological Museum in Athens. From Fira you may visit the monastery on top of the peak of Ayios Ilias, to whom so many of the highest hills or mountains on Greek islands are dedicated. There is a marvellous view, and one should try to include a monastery on any visit to Greece. On the far side of Ayios Ilias are the remains of the Classical city of Thera.

The new excavation at Akrotiri is the main attraction. In a large shed in a dry stream bed is part of a prosperous town that was deserted before the volcano blew up. The excavation was begun by the late Professor Spyridon Marinatos, an archeologist of fine imagination and great knowledge who, when he was a young man 50 years ago, was the first to suggest that eruption overwhelmed prehistoric Crete. Now Professor Christos Doumas leads a multi-disciplinary investigation.

It seems that what happened was an earthquake and damage, with subsequent reconstruction. Then there must have been more tremors, or signs that the volcano was about to go, and the inhabitants fled from Akrotiri on its lower slopes. The eruption probably happened very quickly, in less than week, perhaps as little as 24 hours. It was a massive explosion, of the type known as Plinian after Pliny's account of the eruption of Vesuvius on August 24 AD79. (His uncle, also called Pliny, was so eager to make scientific observations that he went too close in a boat and was asphyxiated!)

The inhabitants seem to have taken their valuables with them, as very little metal has been found. What they left are the everyday things, the evidence of weaving and milling, an anvil, cloth—always a rare and important find, as usually so little survives.

There is much lively pottery, some imported from Crete including a storage jar full of feeding bottles, but most made on the island and showing a blend of island tradition and new Cretan style.

There may have been Cretans among the inhabitants. Many of the shapes in kitchenware for such things as braziers, cooking pots and lamps are quite Cretan and new in the Cyclades, and at the same time are so mundane that it is easy to imagine resident Cretans introducing their preferred household paraphernalia.

The frescoes show best the mixture of island and Cretan styles. Women with open bodices and flounced skirts picking saffron represent the Cretan element. It must have been a religious ritual probably to celebrate spring: their Cretan court dress is otherwise unsuited for such an undertaking. But the pairs of swallows playing and swooping among lilies, or a boy carrying fish, belong to the island tradition.

This sophisticated life was just left at the eruption and covered in an enormous ashfall. It is dated to around 1500 BC as that is the date of the latest imported Minoan pottery, and it is argued that the explosion came very soon after the town was abandoned.

The disasters in Crete that have been linked to Thera are the destructions by fire and abandonments that happened there at many places around 1450 BC, with pottery a style later than the latest at Thera. The problem of this 50-year gap has been circumvented by arguing that there was a long time between the abandonment of Thera and the eruption, but the received opinion now is that that was not the case.

Another problem is that very little volcanic ash has been found on Crete, so that it is difficult to imagine airborne incendiarism. (Likewise, very little ash reached a similar distance from Mount St Helens.) Here a recent suggestion is that the ash fluidised as gas in a blowtorch effect and so reached Crete. It is also likely that there were emissions of poisonous fluorine.

What did happen in Crete? One plausible explanation is war—perhaps an invasion by the Mycenaeans of mainland Greece, which may explain fire, desertion and why the palace of Knossos was not burnt down when much of the town was. We must not mind that this explanation is less consoling to human nature than an act of God.

Whatever happened exactly, the eruption would have been a mighty event and the destruction of so many Cretan centres would have been another. They could have merged into some story such as that of the sinking of Atlantis beneath the sea that Plato told centuries later.

Fishing in Europe's wine lake

HIGH ST WINES

EDMUND PENNING-ROWSELL

WAITROSE'S *wine department* has one of the best reputations in the High Street, and 75 of its branches are licensed. Its range has always been extensive, necessarily involving some selections less successful in their price range than others. Price competition is severe in the High Street, often too severe, and when one is fishing in the European wine lake for mackerel-type wines to sell below £2 a bottle, one must sometimes catch rather characterless sprats. Waitrose's list runs to 200 wines, of which 60 were opened for a tasting: an excessive number for my palate, so I sampled a mere 44. On the whole I preferred the reds to the white, but below are some of each that I particularly enjoyed.

WHITE

Waitrose Carafe White (£2.19 per litre). This Sardinian wine had not much flavour, but with a slight spritz, was light rather than heavy and would make a good aperitif wine on a warm day.

Gran Vina Sol 1983 (£2.75). *This Torres wine from Penedes,* Catalonia has 30 per cent Chardonnay, is oaky and full of flavour like most Torres wines. Very good value.

Quincy, Dom. de Maison Blanche 1983 (£2.95). From a small Sauvignon vineyard near Bourges this rival of Sancerre (and superior to its more expensive neighbour in the tasting) was clean, fresh, with very good acidity and fruit. Cheap at the price.

Houghton Supreme 1981 (£3.95). This crisp but soft wine, well balanced and easy drinking shows what is coming up from Western Australia these days.

Petit Chablis, Dom. Suzanne Tremblay 1983 (£4.25). A light, fresh wine of real style, and in view of the poor '84 and probably frost-hit '85, a wine to buy at a fair price for current drinking. A pity it is in 70cl. bottles.

Ch Bastor-Lamontagne Sauternes, 1981 (£5.25). A deliciously rich yet still fresh dessert wine from one of the best non-classified sauternes.

RED

Domaine de St. Macaire, N.V. (*£1.75—70cl.*). A *Hérault* vin de pays, this has a very flowery, fruity bouquet, and a rich, slightly sweet taste and full flavour. A French wine for spicy Italian food.

Bulgarian Red Wine (£1.65—70cl). Light-coloured and not very strongly flavoured, yet an easy-to-drink wine without any "corners" and certainly inexpensive.

Lancorta Rioja Reserva 1978 (£2.40—70cl.). Pale, with a rich, oaky nose. Fully developed flavour and good value for a reserva.

Côte de Duras, Seigneuret, 1982 (£1.95—70cl). Medium in colour, with a claret aroma and flavour derived probably from nearby Bordeaux's Cabernet-Franc grape. Slight hardness still and worth keeping a year or so.

Chateau Gardera, Bordeaux Supérieur, 1982 (£3.15). With the typical big colour of a Cordier wine, a "grassy" nose, and enough body to suggest buying and keeping for a couple of years.

Crozes Hermitage, Caves des Clairmonts, 1981 (*£3.25*). Very big colour, ample Syrah-grape bouquet and a rich wine with a big but not coarse impact on the palate. Very good value for a typical good Rhône.

Barolo, Serafino 1979 (£3.45). Huge colour, with a lovely developed aroma, and a rich, still, slightly tanniny taste, but much less aggressive than this often autocratic "king of wines" can be.

Chateau de Cruzeau, Graves 1981 (£3.85). One of the numerous Lurton properties in the Gironde, this has medium colour, a nice Graves bouquet and something of the elegance of fine claret.

Chateau Phélan-Ségur, St. Estèphe 1980 (£5.75). One of the most reliable St Estèphe crus bourgeois, this has more body than many '80s. Brown in tint, with real Cabernet nose, and rich, concentrated flavour; a mouthful of good claret at a fair price.

Paris and Oxford

THE ATTRACTION of the London wine auction rooms for continental vendors was demonstrated this week by two sales: one at Sotheby's, largely composed of several distinguished private Belgian cellars, the other the whole Paris cellar of the recently retired Christian Dior director general, Jacques Rouet. In both the level of prices was very high, with a number of new saleroom records. And the fall in the dollar in no way discouraged buyers on American account.

Yet at the Sotheby's sale it was an Oxford don's cellar that provided two single bottle pre-Phylloxera rarities: Mouton-Rothschild 1870 (£300) and Lafite 1874 (£260).

The opening lots of the Paris cellar were for single bottles of Haut-Brion 1895 (£300) and Latour 1896 (£145).

From Oxford, too, came a bottle of Petrus '24 once a wine of little wide reputation *that now fetched £800.* From the same source a magnum of Petrus '61 probably the most sought after post-war claret, made £1,300. Other high prices at Sotheby's for this chateau's wines included £3,200 for six bottles of the rare '47, £1,250 for six bottles of the '52, £4,000 for a case of the '53 and £1,800 for one of the '64.

In the Rouet sale six bottles of '55 reached £920 and a dozen '75 went for £1,850.

The Rouet cellar, mostly collected in the last 15 years, was notable not so much for individual rarities as for the wide range of Bordeaux chateaux and vintages, with a wealth of magnums.

After record prices for a magnum of Ausone '29 (£320) and a bottle of Ch. Margaux '29 (£210), came large sized bottles of the celebrated '45s: a jeroboam (equals six bottles) of Beychevelle £820 and magnums of Ausone (£650) and Gruaud-Larose £320.

The Sotheby's sale contained a series of first growth '53s in six bottle lots: Mouton-Rothschild (£1,160), Lafit (£950), Margaux £800 and Haut-Brion £600 a curiosity was one of only four known late 17th century English revolving wine cisterns that went for £3,000.

M Rouet's cellar contained notable Sauternes *that* sold very well: £3,100 for nine bottles of the famous Yquem '21 and then single bottles of the following vintages: £420 (1928), £300 (1937), £290 (1947), £220 (1949). The total for this cellar for which prices generally well exceeded the auctioneers' estimates was £177,000.

BRIDGE

LEONARD BARDEN

IN THE recent Charity Challenge Cup there were some very interesting hands, and I hope you will enjoy the two which I have chosen for you. Here is *the first:*

N
♠ J 10 6 2
♡ 6 5
◇ 7 6
♣ A K 6 4 3

W
♠ A K 9 7
♡ A 8 4 3
◇ 10 4 2
♣ 6 7

E
♠ 8 3
♡ Q J 10 9 2
◇ Q 8
♣ Q J 10 2

S
♠ Q 5 4
♡ K 7
◇ A K J 9 5 3
♣ 9 5

North dealt with East-West vulnerable, and after two passes South opened the bidding with one diamond, North replied with two clubs, and South's rebid of two diamonds concluded the auction. It is an odd hand—North-South can make three no trumps, because the diamond Queen can be picked up, and because the East hand cannot get in to make a lethal heart lead, and East-West can *make* nine tricks in hearts, but it is not easy for them to enter the bidding. I suppose, in a pairs event, it is just possible for East to compete with two hearts when the opponents give up at two diamonds, but it could prove expensive.

Anyhow, against South's two diamond contract I led the Ace of spades, and seeing my partner's eight, I continued with the King. East completed the peter, so I led my nine of spades—suit preference signal for a heart return—and this was ruffed with the eight of trumps. East obediently returned the heart Queen, declarer covered with the King, and I won with the Ace. I now led my fourth spade, my partner ruffed with the Queen, South overruffed with the King, and my 10 was promoted. The contract was defeated by one trick, but, of course, declarer should not have overruffed the Queen. If she discards the heart seven, she makes her contract.

Again, if I return the eight of hearts before I give my partner the second ruff, I retain the lead, and now my last spade allows East to apply the uppercut, and defeat the contract for certain. I am not ashamed of missing that speculative return—I was happy to rely on a possible error from the declarer.

Two boards later this model turned up:

N
♠ 10 7
♡ A K 7 6 4 3
◇ —
♣ K J 10 5 2

W
♠ J 9 2
♡ Q J 10 8
◇ J 6 2
♣ A 6 4

E
♠ 8 6 5 4
♡ 9 5
◇ 10 9 7 4 3
♣ 8 7

S
♠ A K Q 3
♡ 2
◇ A K Q 8 5
♣ Q 9 3

With North-South vulnerable, South dealt and started with two diamonds, which I do not approve of, and North said two hearts. *Now South* rebid three spades — her 20 points really went to her head—and North *showed her other suit with four* clubs. Now came the inevitable Blackwood, followed after North's response of five diamonds by five no trumps. North showed two Kings, and South's six no trumps brought proceedings to a close.

I led the heart Queen, dummy's King won, and my partner dropped the nine. The declarer played a club to her Queen, cashed the nine, and a third club went to my Ace. Dummy was dead. I returned the *diamond Knave,* and declarer went two down.

Strange as it may appear, after making the two clubs, declarer can, if she is sufficiently far-sighted, fulfil the contract. She cashes three top spades and three top diamonds, and then throws me in with the club Ace. I am hopelessly endplayed, and must give South access to dummy by returning a heart. That means that declarer scores three spades, two hearts, three diamonds, and four clubs. I am glad that she did not find that line—I should have felt like going home.

CHESS

E P C COTTER

A SIGNIFICANT factor in Soviet and Eastern European chess achievements is that the game is recognised both by central government funding and by the media as a sport. The effect is that the top players can count on a bedrock of financial support plus a reasonable level of public recognition. A few chess federations in the West have succeeded in copying the Russian example, most notably the Netherlands, where "denksport"—chess, bridge and draughts—is long established.

Recently both West Germany and Australia have included chess under the sports umbrella for budgetary purposes. There has been a clear consequent growth in activity; and if Britain should ever follow suit, it could make the difference between our current silver medal position in the chess olympics and a serious challenge to Russian gold.

Several young Australians, beneficiaries from sports travel grants to contest the European circuit, have reached international master standard and are now starting to eye the higher grandmaster title. Ian Rogers unexpectedly scored his first GM norm in Sardinia then held his own, level with Tony Miles, in a stronger event at Reggio Emilia, Italy.

Rogers is an original stylist who favours obscure counterattacks with Black to a far greater extent than almost any other top player. Against 1 P-K4 his favourite is 1 . . . P-Q4, the Centre Counter, which he even used against Karpov in the 1983 BBC internationals, while at Sardinia he won against 1 P-Q4 with the unfashionable Budapest 1 . . . N-KB3; 2 P-QB4, P-K4; 3 PxP, N-N5.

Rogers's latest top GM scalp was the Reggio Emilia winner and world no 6 Portisch, again using a rare gambit to achieve complex play and minimise the difference in strength. Typically for such games, the loser had a clear chance but muffed it during a melée of scattered pieces.

White: L. Portisch (Hungary). Black: I. Rogers (Australia). QP, Blumenfeld Gambit (Reggio Emilia 1984-85).

1 P-Q4, N-KB3; 2 P-QB4, P-K3; 3 N-KB3, P-B4; 4 P-Q5, P-QN4; 5 B-N5, P-KR3; 6 BxN, QxB; 7 N-B3, P-N5; 8 N-QN5, K-Q1!

A new idea to revive Black's unusual defence, in preference to the older N-R3. Black hopes his king will be relatively safe in the centre while his pieces operate on both flanks—a daring and ambitious concept.

9 P-K4, P-N4; 10 B-Q3, B-QN2; 11 P-K5!?

To open up central lines, but 11 Q-R4, P-QR4; 12 Q-B2 is more solid.

11 . . . Q-N2; 12 Q-R4, P-QR4; 13 O-O, P-N5; 14 N-Q2, QxP; 15 Q-B2, R-R3?

Giving White fresh chances—better P-R5.

16 KR-K1, Q-N2; 17 P-QR3, P-R4; 18 RPxP, BPxP; 19 PxP, BPxP; 20 B-K4, N-B3; 21 QR-Q1, P-KR5; 22 N-N3, P-R5; 23 N(3)-Q4, NxN; 24 NxN, BxB; 25 QxB, K-B1; 26 K-R1?

After this passive choice the tide turns decisively in Black's favour. Correct was the sharp 26 P-B5! BxP; 27 R-QB1, R-KR4; 28 NxP! PxN; 29 QxQNP when the attack against the exposed king is full compensation for a piece.

26 . . . B-B4; 27 R-K2, R-B1; 28 N-N5.

Hoping for 28 . . . RxP? 29 RxR, BxR; 30 Q-B4.

28 . . . P-KN6! 29 BPxP, PxP; 30 P-R3, P-R6! 31 PxP, PxP; 32 Q-N1, R-B7; 33 R-R2, RxR; 34 QxR, Q-N7; 35 Resigns.

A thematic finish, with the triumph of Black's double-wing strategy.

POSITION No. 560

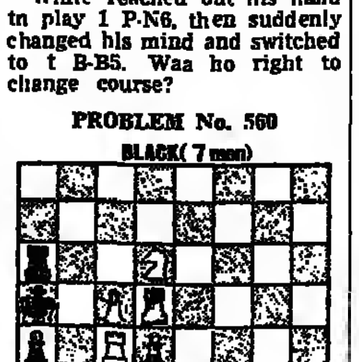
BLACK (5 men)

WHITE (5 men)

Li Zunien (China) v L. Christiansen (U.S.), Salonica chess olympics 1984. An interesting piece of play from a match where the Americans surprisingly conceded a 2-2 draw. White (to move) has the advantage since he has B v N while his passed pawn can run but Black's is stopped. White reached out his hand to play 1 P-N6, then suddenly changed his mind and switched to 1 B-B5. Was he right to change course?

PROBLEM No. 560

BLACK (7 men)



WHITE (4 men)

White mates in three moves at latest, against any defence by O. Wurzburg. A game-like problem, with some remarkable play from the small white force.

Solutions, Page 18

Trevor Bailey picks Norwich for the Milk Cup

Day of great expectations

THEY SAY THAT a great opening night has usually been preceded by an indifferent dress rehearsal. If the same principle applies to football, tomorrow's *Milk Cup final* between Norwich and Sunderland should be a classic. Yet, last Saturday's meeting at Carrow Road between these teams was a distinctly sub-standard affair; though the visitors, who are in the relegation zone, went away delighted with three valuable points and a considerable psychological advantage.

On the evidence of that match, and several others, it is hard to understand how these two unexceptional teams from the bottom *half* of the first division are in the Milk Cup final.

These essentially pleasant clubs have not tasted much success in the past decade and their Wembley appearance will give their followers a day to remember as well as producing much-needed extra revenue, so important for teams whose home attendances average only about 15,000. Each will collect approximately £100,000 from the gate, plus £64,000 for the winner and £48,000 for the loser *from the sponsor;* to *this can* be added their share of the competition's Mutuality Pool, which receives 20 per cent from every cup game. Possibly most important of all, the winner gets a passport to Europe.

Who will that be? There is not much to choose between them but it is significant that each has an exceptionally talented goalkeeper, emphasising yet again the importance of this specialist position. Although Chris Wood is at present in the England squad, I also have been very impressed by Sunderland's Chris Turner.

On the form shown in their past two league meetings one must take Sunderland, even though they will miss their captain, Shaun Elliott, who is suspended. Nevertheless, I fancy Norwich. This is not based entirely on my admiration for the way Ken Brown has learned to work within his understandably limited budget, made the best use of the talent at his disposal, but I *feel the gods are well disposed* towards his club.

For one thing, the apparent disaster when Norwich's main stand burnt down could prove a long-term advantage. The club have still been able to accommodate the crowds, with the exception of the second leg of their Milk Cup semi-final; while in an era of falling gates, there is much to be said in favour of having £2m insurance money in the bank rather than a 1935 stand.

Norwich *will replace this* with a new building designed especially for the manager and his players and including two revenue-producing executive suites, each containing 200 seats. They will start next season with a much improved ground and, if they win tomorrow, enough money to strengthen the present playing staff.

When it's the right time for your pruning

GARDENING

ARTHUR HELLYER

EVERY YEAR at this time there is some pruning that can usefully be done as sap comes rushing up and buds begin to burst; but this spring, because of the damage left by a very nasty winter, there is likely to be even more of it than usual. Some of the work may already have been completed, but on some I am holding back because I am uncertain if all the damage has yet been revealed. I am *fairly* sure that some *roses,* pruned earlier, will need to be cut back still further if buds that I believed previously to be alive prove, as now seem likely, to be dead or too weak to rely on.

Fortunately, roses are simple plants to prune. All flower on the new growth and you can keep cutting back and back until you find buds that will produce good growth with the fair certainty that this, if sufficiently strong, will bear roses later on. There is, however, no such simple rule of thumb for some other shrubs and climbers, hydrangeas and clematis among them. Some kinds behave in one way, some in another; and it is not obvious, just by looking at them, which group you are dealing with. Names must be available and you must know to which group each variety belongs.

With hydrangeas, the broad division is between the many garden varieties derived from Hydrangea macrophylla and H. serrata; varieties such as Generale Viscomtesse de Vibraye, Madame E. Moulliere, Hamburg, Westfalen, Blue Wave and Sir Joseph Banks: and such species as H. paniculata, H. arborescens grandiflora and H. villosa (or aspera in the new nomenclature). All hydrangeas in the first group flower on short growths made from last year's stems, some kinds only from buds high up on that year-old growth. Lose the top buds in winter, or prune them away in spring, and it is good bye to flowers that year.

Some varieties are a little more resilient which is why Vibraye is such a good garden hydrangea; but, in general, these varieties need to be pruned lightly to get rid of faded flowers and dead or damaged growth. It is often better to remove a stem altogether than simply to shorten it.

Not so Hydrangea paniculata and its varieties or H. arborescens grandiflora, which flower on the new growth just like roses. If necessary, these can be cut almost to the base and, provided buds are there that are still able to grow, there will almost certainly be fine flower heads in the summer.

Much the same division occurs in buddleias, which are almost equally likely to have been damaged by the winter's weather. The common butterfly bush, Buddleia davidii, flowers on the new growth and so it can be pruned quite hard now with every prospect that it will produce fine flower spikes in August. But B. alternifolia and the orange ball tree, B. globosa, flower on, or from, last year's growth, and to remove most of this now would be to destroy all prospects of flowering until 1986. Thinning, and the removal of frost or wind damaged growth, must be the rule with these.

Perhaps a warning is also required with B. davidii and its varieties: they should never be cut down below the point at *which* obviously live *growths* can be seen. By this time they should be quite obvious, with clusters of small leaves. Below there may be dead-looking buds, and dead they most probably are. But to cut right back to them is to court disaster.

For the purpose of pruning, clematis varieties also fall into two distinct groups: those that have finished flowering in June and so carry all, or most of, their flowers on vines made the previous year; and those that flower from June onwards and so flower mainly on the new growth. This second group, which includes the popular purple Clematis jackmanii and its kin as well as Perle D'Azur and Comptessa de Bouchaud, can be cut down to within about a foot of the ground in February or March and still produce a fine display of flowers three or four months later.

Such treatment would completely prevent flowering of early species such as Clematis montana, C. macropetala and their varieties as well as May-June flowering hybrids such as Nelly Moser and Henryi. Since all kinds will flower without any pruning, which is chiefly useful as a means of keeping plants tidy, it is wise, when in doubt, to prune very lightly.

The biggest problems this spring are going to arise with some of the rather tender shrubs, particularly the evergreens. These take very unkindly to losing their leaves at any time, either from cold in winter or drought in summer. One can never be quite sure if they will recover or, if so, how much of them will survive. The finger-nail test, *which can be so useful* with deciduous shrubs, is very unreliable with evergreens.

This test involves nicking the bark with your nail or the point of a penknife to see if the tissue immediately below is still moist and green or has become dry and brown. If the former, there is a good chance that a deciduous shrub will recover and it is certainly worth waiting a while to see. But the wood of an evergreen can be still encouragingly moist after all hope of recovery has gone.

What would I do about it? That depends a good deal on how much I value the plant. If it is really important, I will cut out at once what is obviously dead—ie, brown and dry—when the bark is nicked, and wait a few weeks longer to see what happens to the rest. But if the plant can be dispensed with or easily replaced, I will get rid of it as soon as I am fairly certain it will be crippled, if not killed outright. It is too depressing to have to keep on looking at disasters.

Senecios, cistus and ceanothus are going to be high on the replacement list and it looks like being a good year for nurserymen with undamaged stocks of these for sale.

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Passing on the baton

THE British economy is probably performing more strongly than most observers had supposed; and the American economy is almost certainly performing more weakly than most had feared. Brush away the rhetoric of our own vastly over-dramatised Budget, and that is the real news behind the remarkable change of sentiment in the currency markets last week. What is more important, these are two immediately noticeable highlights of what begins to look like the big picture for 1985.

America is slowing down, and according to some forecasters will be in outright recession by the end of the year; but the much-despised European economies, led by West Germany and the UK, are turning a slow recovery into a rather faster one.

That, it might be thought, is all that an investor needs to know; but it is not as simple as that. Will a U.S. recession cause our own recovery to fade, and if that is a threat, what should governments do about it? These are difficult questions, which will probably be hotly debated in the coming months; but before we come to them, a little more needs to be said about the background facts.

The cause of the U.S. slowdown will be so obvious to any British businessman that the only wonder is that it did not happen sooner. Quite simply, the rise of the dollar has made increasing numbers of U.S. businesses totally uncompetitive; exactly the same thing happened in Britain, though for a much shorter period, between 1979 and 1981, and the country has still only barely recovered from the effects. The policy errors made by the two governments could hardly have been more different. Britain failed to allow for the impact of North Sea oil on the flow of funds across the exchanges, while the Americans failed to realise that huge government borrowing would drive up the exchange rate.

The effect on manufacturing and the exchange rate was just the same, however; whether an economy obtains foreign currency by producing oil or by aggressive borrowing, it pushes up the exchange rate and has a depressing effect on those industries which were previously earning the country's international living by exporting.

The impact is all the more disruptive because while financial markets respond very quickly to structural shocks, manufacturing industry responds only slowly. The result is that the full effect of the mighty dollar on U.S. industry is only just becoming apparent, as more and more American companies plan to make their new products overseas rather than in the high-cost U.S. economy;

In a rather similar way British companies are only now beginning to show the self-confidence to expand their home operations, realising that the slow five-year-old recovery could still have a long way to go. Like all price shocks, big exchange rate swings have little effect in the short run, but big, pervasive effects after a long enough interval.

There are rather strong reasons, then, for believing that current trends are significant, and that Europe will benefit more, and the U.S. (and, to a lesser extent Asia) will benefit far less from the growth of world demand than they have in recent years. But what, meanwhile, will happen to the growth of world demand itself? That is where the policy dilemmas come in.

There are two schools of thought about this. One, led by many international economists, argues that as U.S. demand weakens, governments in other countries must take steps to boost their own economies, or the whole world will slow down sharply.

Interest rates

That would certainly be an approach very unlike the ultra-cautious Budget we have just suffered in this country; and it is not difficult to mount a persuasive - looking argument against this kind of response to a U.S. slowdown.

The issue rests on interest rates. If, as European governments have never tired of arguing in recent years, the very high real interest rates now ruling in the world are simply the result of excessive U.S. borrowing, public and private combined, then we should simply welcome any weakening of U.S. credit demand. If it is private rather than public borrowing that collapses, this will be bad news for the U.S. itself, and may teach them not to do it again; but for everyone else, a weak dollar and falling interest rates would be a great relief. It would lighten the world debt problem, reduce inflationary pressures, and encourage investment. The last thing Britain should do is to follow the U.S. example of stimulating a purely temporary recovery by over-borrowing itself.

Both these analyses look quite logical, but they can hardly both be right. Will a fall in U.S. orders, which even in Europe have accounted for nearly half the unimpressive growth, spread U.S. recession across the world? Are falling interest rates (and thus government debt service burdens) as important as the British Treasury seems to believe? We are about to live through the experiment which may settle these questions. Meanwhile, falling interest rates look a safer bet than strong real growth.

THE BUDGET AND JOBS

Expression of a new Tory faith

By John Lloyd, Industrial Editor

THE promotion of flexibility in the labour market has moved from being a matter of periodic exhortation and marginal tinkering to the centre of the political process. The "budget for jobs" measures are the expression of a philosophy and a faith: job and wage flexibility equals more employment.

The Government is now actively attempting, as it sees it, to cut with the grain of the labour market. That grain runs: lower real wages at the bottom end of the market, especially for young, new entrants in order to encourage their employment; much greater diversity of working hours and work patterns to fit in with the demands of expensive capital equipment on the one hand *and* of a workforce which is breaking free of the tyranny of the eight-hour day on the other; the provision of training and retraining in skills which will change many times in a life, not remain engraved on the brass plate of a craft for generations; the emphasis on entrepreneurship through new small company creation and the provision of jobs therein; the preference of many members of the still-growing female labour force for part-time jobs.

Flexibility is the key and freedom the motto. In the Department of Employment's consultative paper on wages councils, published on Thursday, the author comments that "wages councils interfere with the freedom of employers to offer, and job seekers to accept, jobs at wages that would otherwise be acceptable."

Developed in 1909 as a protection for workers from bad employers being undercut by the worst (as Churchill put it), they are now seen by Churchill's heirs as restrictive of liberty and productive of unemployment. As the same paper comments: "economic and social circumstances have changed dramatically"—in particular, a net of social security and legislation on employment rights has been strung between the tightrope of the job market and the floor of pauperisation.

In current political discourse, however, this approach is seen by its opponents as little more than a disguise for the creation of a reserve army of the employed and partly employed in order to weaken union power and drive down wages. Counterposed to the Government's vision of a labour market cleared of obstacles and thus able to take up the slack, is one based very largely on a *moral* critique of its effects. Take this, for example:

"Christina, a Greek Cypriot, has been in England for 25 years, working in the clothing industry for 20 of them. She says: 'Now I have to work more hard than ever. My husband has heart trouble and has not worked for three years. He is getting sickness benefit but it is not enough for a family of six, especially now my son is at college . . . my job is flat machinist in a factory. Eight years ago I was doing dresses at home for 15 shillings each. Now I am working in a factory and using a machine on piece-work.

"I get 50p for a dress which is harder to make than eight years ago. Wages come to £80 a week, but to get this the boss comes round three or four times a day and if he thinks you are not doing enough he complains. I was working very hard, doing 40 dresses an hour. You have to do the whole sleeve from the neck down, plus the sides and the waist. To do 40 dresses an hour, imagine how the machine has to work! One hour has got 60 minutes, so that is even less than 60 minutes each, and for this I can show you the boss is not happy. He wants more."*

This testimony, from a recent polemical work, is a prime example of the moral argument: a darkly emotive view—"Dickensian," as Mr Bill Whalley of the shopworkers put it earlier this week—of the resurgence of labour practices the post war, affluent advanced societies were supposed to have laid to rest. Yet turn the prism a little, and the world is transformed to a dynamic, competitive, provider of opportunities for precisely the kind of people Christina "represents" — new entrants to the UK labour market who, by their own hard work, are sending at least one child to college.

There is, however, growing evidence that opposition based on simple morality is being undercut by developments which are rushing on in the market itself: that these developments, however unwelcome they might be to the established interests and politics of labour, *are* reshaping the market and therefore the labour movement itself.

The instances of this are now crowding upon us. The end of the miners' strike, and the opportunity it has evidently given the National Coal Board to restructure the coal industry, may usher in radical measures designed to replace the present relatively rigid relativities between various grades of NCB employees with a system which jacks up considerably the wages paid to the critically important (to productivity) face workers, while other grades, especially surface workers, are at best left to stand still.

The general aim appears to be that those NCB employees who perform essentially identical or similar tasks as other workers elsewhere—as drivers, clerks, labourers—should not enjoy any longer a "coal industry differential," but find their market level with these other workers. To usher this in, and to break the link between the various grades—only partially affected by the introduction of the incentive bonus scheme in 1977—could be one of the biggest prizes the Government and the Board could gain from the ruins of the strike, though it will still not be an easy trick to take.

In that other great state monolith, the Post Office, industrial action is now being threatened by plans, on which the management are insisting, to remove the ceiling on the numbers of part-time staff to be employed in dealing with the inevitable "peaks and troughs" of mail handling and delivery.

Mr Alan Tuffin, the genial general secretary of the Union of Communications Workers, yesterday said unhappily that his members feared the "casualisation of the Post Office." He is in an unhappy position because he knows his members want the overtime which is officially frowned on in the trade union movement, and that many of his older and female members want the part-time work—examples of the Government's argument that "freedom" is being denied by traditional labour practices.

I newly-privatised British Telecom, the management has already attempted to tackle what the NCB wishes to grasp. In last year's wage negotiations, the BT management attempted to break the Post Office Engineering Union's internal relativities—which comprehend unskilled labourers and soft-ware technicians—so that the latter got more and the former less. The POEU successfully defended the pass: but management will be back this year.

> The Government's vision is a labour market cleared of obstacles. Its opponents see an attempt to weaken union power and drive down wages

Pay is only part of it: the "greenfield" ventures are taking advantage of a slack labour market, by introducing labour practices which are light years away from what custom and practice has delivered to their competitors. Mr Peter Wickens, the director of personnel for Nissan UK—whose Washington, Tyne and Wear plant opens next year—predicts that it will have only two operatives grades—"manufacturers" and "technicians."

When Mr Wickens was employed by Ford UK—itself no slouch in attempts to raise productivity and flexibility in recent years—he had to deal, he said, with no less than 500 job titles in the lower operative grades alone. Flexibility, he believes, depends on an end to the traditional craft attachment to separate job titles.

Even more iconoclastic, Mr Eddie Shah, hero or villain of the dispute between his Stockport Messenger newspaper and the National Graphical Association—depending on your point of view—will attempt to start his new national newspaper with a total staff of 500 *including* some 300 self-employed local distributors who will operate on a franchise-holding basis.

Mr Shah is decidedly, as the Prime Minister would say, "one of us." For not only does he plan to introduce manning levels on his presses which are unheard of in existing national papers, he will also call into being a new sector of independent small business people—the local franchise holders for his national "Messenger"—who will rise early in the morning to make sure it gets to their newsagents in time for morning business, quite possibly running the gauntlet of angry unionised distribution workers who rightly perceive them as a threat to their practices.

The signs are there that the unions are coming to a reluctant realisation at national level that bull-headed opposition wins no battles any longer (at local level, pragmatic accommodation has been the order of the day for some years).

Mr Roy Grantham, general secretary of the white collar union Apex, last week launched a report on job design—the first time a UK union has done so. Mr Grantham, anticipating and absorbing management priorities, said that companies could achieve flexibility and higher productivity by using "group working and job enrichment techniques."

Against this background, the measures on job and wage flexibility—the raising in the Budget of the qualifying period for unfair dismissal claims from one to two years, the lowering of national insurance contributions for lower paid workers, together with expansion of the Youth Training Scheme and the Community Programme, the subsequent stern consultative paper on wages councils and the expected package of measures from the Department of Employment—have a coherence and a purpose. In particular, the Government's identification—in common with most other governments in advanced industrial countries—of the small business sector as the main locus of future job provision all but predetermines its labour policy towards the direction it is now clearly heading.

The case of the unfair dismissal legislation exemplifies this neatly. Studies of the legislation most recently by the University of Manchester Institute for Science and Technology for the Department of Employment, show no, or only minimal, linkage between the existence of the legislation and the propensity of companies to hire and fire. But for small companies, the *climate*, the *feeling*, is all important.

Linda Dickens, in a soon-to-be published work†, makes the point: "Dismissal may or may not be an important aspect of the range of policies which employers adopt at any particular time in their pursuit of profit. Where it is, the introduction of legislation affecting dismissal will be experienced as a greater intrusion than where it is not . . . most protest has come from the small-firm secondary sector where not only is there likely to be a greater dissonance between the existing mode of operation and the requirements of the legislation, but where any time, effort and expense occasioned in complying with them or penalties imposed for failing to do so will be proportionately greater than in larger corporations operating in the primary sector."

In short: never mind the contradictory research findings, letting small employers fire people more easily makes them feel good — so good, in fact, that it may not fire them at all. In a slightly different context, the National Federation of the Self Employed and Small Businesses argues (in its pamphlet "Priced Out") that where its members are forced by wage council orders to pay higher rates than they otherwise would, they become "less tolerant of foibles" and fire more easily.

In the "real world," the small employer whose day, so far as the Government is concerned, has finally dawned, may be a classic "Dickensian" sweatshop owner who bawls out his immigrant female workforce five times a day, or an Alliance-voting business tyro who has hit it lucky in high-tech and employs a group of people whom he invites to his dinner parties and pays high wages.

Both want flexibility: the first to undercut the sweatshop down the road, or two continents away, which is undercutting him; the second to tailor "remuneration packages" to executives whose lifestyle and tastes are more akin to the 19th-century conception of the bohemian than the button-down businessman who always gets the 5.46. These are two extremes—between them, however, the world of work is shifting in both their directions at once.

*Twilight Robbery, by Philip Pearson, Pluto Press; £2.95. †Dismissed, by Linda Dickens, Michael Jones, Brian Weekes and Moira Hart, Bracknell; £25.

Winston Churchill saw wages councils as protection for workers; Mrs Thatcher thinks they restrict liberty and employment

Letters to the Editor

The system and the arts

From Mr I. Fergusson,

Sir,—The "system" is killing British Arts and what is more it is killing British artistic enterprise. The whole basis of funding live perfoming arts is totally wrong. Each year there is a tremendous argument and usually something a little over or a little under the cost of living index is granted. Today's subsidies are nothing but a hotch potch of yesterday's mistakes.

Unfortunately much of the arts world would not survive without grants. How much better to subsidise actual seat sales. The more enterprising directors will tend to increase their audience and their income. Those who lack popularity will go out of business. This would eliminate the annual begging bowl and a handful of rice.

Give the arts a decent deal with a seat subsidy formula and then let them get on with it.

Ian Fergusson,
4, Burns Court,
Morine Parade,
Dawlish Devon.

Helmsman of Germany

From Dr W. Stuetzle.

Sir,—I refer to Peter Jay's piece on "Schmidt's role" (February 2). To put it mildly, the article greatly surprised me and not for reasons that necessarily flatter Peter Jay. Having been deeply involved in the preparation of Schmidt's Alastair Buchan memorial lecture, delivered in London in October 1977, I find it strange that Jay has not researched carefully enough before producing his piece, otherwise he could have known that Schmidt presented what was the result of a most careful analysis. This is not only true for what the Chancellor had to say about the problems associated with SS 20, but also for the paragraphs dealing with the troop-reduction-negotiations in Vienna, the very serious economic problems, etc, etc, by the way, what else would one expect from Helmut Schmidt, whose sense of duty (not to speak of his admiration for Alastair Buchan) would not have allowed him to speak to such a complex subject addressing such an audience from "Notes hurriedly cobbled together on the plane" as Jay has it. It surely is everybody's right to be in disagreement with Schmidt's policy. It is something else to use the opportunity of reviewing a book for launching what seems to be a deeply rooted emotional attack on Helmut Schmidt, regardless of what the facts are.

(Dr) Walther Stuetzle.
1, Holderlinplatz 5,
Stuttgart.

Popular houses

From the Managing Director, ASPP.

Sir,—Colin Amery's article of March 11 amused me. I suspect he must be not only out of touch with the public, but perhaps a little short sighted too!

The house clad in Bradstone re-construction stone which we built at this year's Ideal Home Exhibition is proving one of the most popular we've built at the show in 16 years and, in the view of most visitors, looks magnificent. Bradstone, of which he is so critical, weathers well, is extremely durable and is available at a cost that puts it within reach of far more people than would have been possible in the past. Charles Church, which also came under Mr Amery's attack, builds soundly and designs homes that the public want. Its houses are obviously and understandably popular. Is this so wrong?

If we built homes with the impracticalities of 200 or more years ago, no doubt Mr Amery would be the first to complain.

Does Mr Amery feel that the public, almost 1m of which march each year to the Ideal Home Exhibition, should have what it wants or what he, in his wisdom, feels it should have?

Is he the only one in step?

John Bailey.
45, Station Road,
Redhill, Surrey

Settling an action

From Mr J. Tunnicliffe.

Sir,—It would be unfortunate if any readers concluded from Lawrence Lever's article (March 16) that a plaintiff need only ignore his lawyers' advice to settle an action in order to obtain much greater damages. On the contrary the common consequence of ignoring such advice is that the plaintiff loses and has to meet both sides' costs as well.

In truth hardly any party allows a case to reach trial unless he believes he has a sporting to good chance of winning. Offers to settle are often made because of the nuisance value of defending — irrecoverable costs, executives' time, diversion from more constructive activities and so on — and not because the defendant has no confidence in his chance of success.

J. D. Tunnicliffe,
100, High Street,
Great Abinton, Cambs.

Spectacles of need

From the Head, Press and Publicity, Royal National Institute for the Blind

Sir,—All credit to the optician (your Observer item Eyeopener, March 11) who was so quick off the mark with his newly permitted advertising.

Not every glasses wearer, though, faces problems as agreeable as whether they look best in £300 diamond-encrusted spectacles or contact lenses. Some people need contact lenses for clinical reasons, through the hospital eye service. From April 1, the NHS charge for these will go up from £9.40 each to £25, or £50 a pair.

The NHS charge for one type of spectacles, suitable for post cataract patients, is going up from £11.75 to £31.05. This institute fears prices of complex lenses—less likely to be affected by market forces than commonplace lenses which are easy to make—will go up even more when all NHS supplies are ended, as the Government plans.

RNIB hopes the Government will think again about the effect on the most severely visually handicapped people of its current plans.

Lucille Hall.
224, Great Portland Street,
W1.

Some causes of unemployment

From Mr S. Banks

Sir,—Your article on Teesside (March 19) is interesting if for no other reason than that it very clearly emphasises the folly of endeavouring to cure unemployment by massive government spending on what is known as the infrastructure. In spite of the massive expenditure on new roads, hospitals, schools, colleges and houses during the 1950s, 1960s and 1970s there is still very high unemployment. The reason is quite simply that government expenditure of this nature merely provides a working alternative to the dole and does not create any long lasting employment.

The article also points to the great dangers in assuming that the employment prospects for any area are best served by the introduction of major national, nationalised or international employers. Time and again it has been shown that many of these projects are marginal projects justified only by the availability of grants and other incentives and which will be closed as soon as the going becomes at all difficult.

It is ironic that the seeds of much of our current difficulty were sown by governments of which Harold Macmillan was either Prime Minister or a senior member. The failure of the Conservative Government in the 1950s to control inflation and its failure to reduce oppressively high marginal rates of tax provided the conditions in which the present decay was bound to occur. The effect of high marginal rates of tax was to bleed businesses of the working capital that they needed to expand and the reserves that they needed to survive difficult times. The population of Stockton should at least be thankful that we now have a Government that is beginning to realise that it must provide the economic conditions in which enlightened self interest of entrepreneurs can flourish. A prosperous south is essential to the prosperity of the north for it is in the markets of the south that the manufacturers of the north will find their own prosperity.

S. R. G. Banks.
Petherwyn,
Carnegie Road,
Newbury, Berks.

Untapped source of revenue

From Dr N. Entwistle

Sir,—It is disappointing to note that the Chancellor of the Exchequer has not taken up the new form of taxation proposed in your issue of March 16—namely the taxing of rain. I suppose that his excuse—or reason—is that there is insufficient time in a few days to incorporate such a measure.

I wonder if I may have the privilege of airing in your columns another idea—the taxation of air. It is really too obvious to state that air is as essential to us as is water. It is a well-known fact that sea breezes charged with ozone are beneficial, how otherwise could our seaside resorts hava flourished for so many years; on the other hand it is less beneficial to live in an industrial area where the air contains oxides of nitrogen and of sulphur and in placea near to a lot of traffic-lead. Peopla who live in the most remote parts of the UK are of course the people who are breathing the purest air. It should therefore be possible to devise a tax on air. No doubt it would be necessary to make note of measurements all over the country but hopefully this could be combined with the work on rain. It would be pleasing to think that accurate measurements would at last be incorporated into the work of the Treasury.

(Dr) N. Entwistle.
3, Collier Lane,
Gaildon, Shipley,
W. Yorks.

Rain is taxed

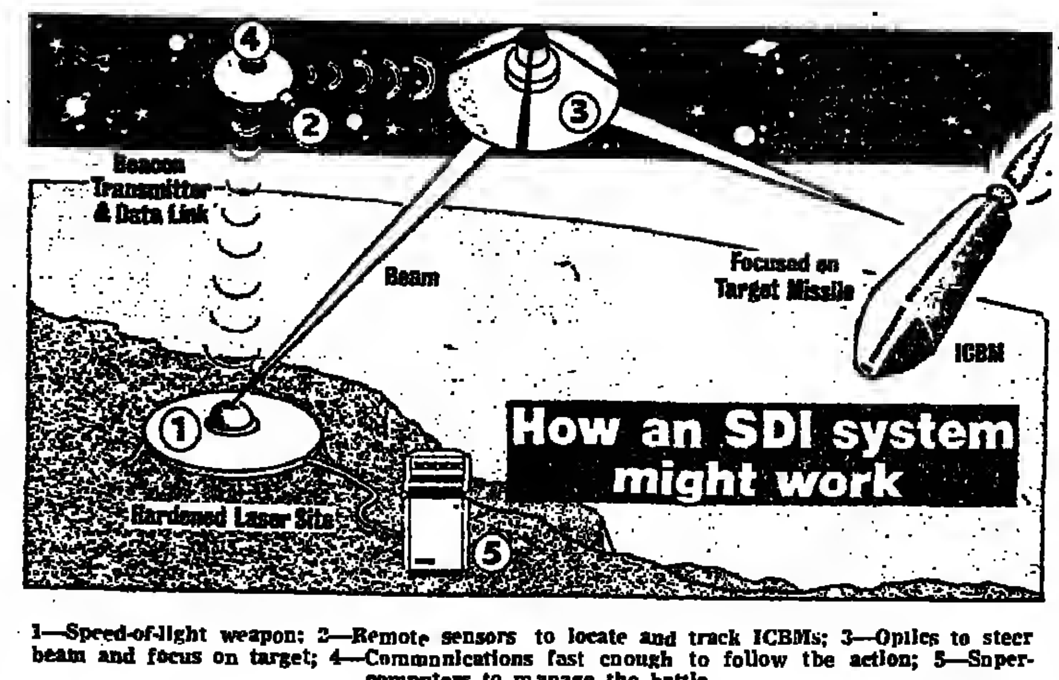
From Mr M. Carter

Sir,—I was most interested to read your article on March 16 with regard to the possibility of taxation on rain. Tha most worrying aspect of this case is that the author after 30 years experience as a taxation manager has not grasped the fact that what he regards as a possibility is in fact already a reality and my recent water demand will bear witness.

M. Carter.
51, Eskdale Avenue,
Blackrod, Bolton,
Lancs.

A battle too quick for the human brain

David Fishlock explains the U.S. Star Wars technology



1—Speed-of-light weapon; 2—Remote sensors to locate and track ICBMs; 3—Optics to steer beam and focus on target; 4—Communications fast enough to follow the action; 5—Super-computers to manage the battle

STAR WARS is information technology writ exceptionally large. It is about beams of energy travelling close to the speed of light—100,000 times faster than their targets—and how they might be caught, steered and controlled. It is about thinking computers that could manage a battle no human brain could possibly follow.

Star Wars calls for beam generators so powerful they will need a jet engine, a nuclear powerplant, even a nuclear explosion to punch in enough energy. It calls for communications fast enough to follow e battle in which thousands of targets must be identified and eliminated within minutes.

It is about scientific research at the frontiers of a host of new technologies. And research, as everyone knows who funds science, is synonymous with uncertainty and high risk.

Two years ago—on March 23 1983—President Reagan threw down e challenge to the U.S. scientific community. He asked whether it had any ideas for reversing the endless escalation of nuclear weapon stockpiles; for substituting defensive for the present aggressive military posture. "Would it not be better to save lives than to avenge them?" he asked. As the director of one U.S. nuclear weapon laboratory said: "This is the first time for many years that a U.S. President has challenged the scientific community to think about a very difficult problem."

The challenge set in motion a nationwide search for systems that might defend against intercontinental ballistic missiles (ICBMs). This search was conducted by e team of about 50 scientists who gathered in Washington in the summer of 1983, under the leadership of Dr James Fletcher, former head of the U.S. space agency, Nasa.

This team reviewed a myriad of individual pieces of advanced weapon technology, seeking combinations which might be assembled, Meccano-like, into a defensive umbrella against nuclear missiles. Dr Fletcher's defensive technology study team concluded that, whereas in 1960 there were no credible concepts for intercepting ICBMs during the first 100-300 seconds of flight from the launch-pad, by 1983 the technology had advanced a long way. "Today there are multiple approaches based on directed energy concepts and kinetic kill mechanisms," concludes a mostly highly secret report.

The 100,000 man-hours invested by this team also highlighted the gaps; the missing bits of Meccano which would be essential to assemble a working defence system. Where, for example, might one find a mirror big enough to capture the energy of a very powerful laser beam, yet nimble enough to flip it from target to target in a fraction of a second? The sceptics soon leapt on the missing parts, declaring them to lie beyond the bounds of engineering credibility.

But unknown to the defence scientists at the time, a team of Californian scientists was already hard at work on the problem of making a "rubber mirror," for reasons unconnected with war. Dr Jerry Nelson and his team at the University of California wanted to build the world's biggest optical telescope, with a mirror 10 metres across. They knew no way of polishing such a huge mirror to the degree of perfection they wanted, much less of supporting it so that it would not distort unacceptably and ruin their observations.

So they invented the "rubber mirror," made up of hexagonal segments only 1.8 metres across, each relatively easily polished to the necessary perfection. They plan to hang these mirrors in a very light structure, then use a computer constantly to adjust each one independently through three small pistons. In order to maintain a sufficiently stable image, the computer will be making 300 corrections a second to each segment, to sustain effectively a single perfect reflector 10 metres across.

Thus, to quote Dr George Keyworth, President Reagan's scientific adviser and principal advocate of the Strategic Defence Initiative (Star Wars), the astronomers are "taking the twinkle out of starlight," automaticaly correcting for atmospheric aberrations. They hope to have a telescope which could pick up the flicker of a candle at the distance of the moon.

The "rubber mirror" will be just one component, albeit a crucial one, in a very complex system to fend off ICBMs. But last June the U.S. Army demonstrated successfully a complete, if much simpler, system when it destroyed the warhead of an ICBM.

For $300m—a modest sum in a programme that talks of spending $26bn by the end of the decade—these scientists assembled their Homing Overlay experiment virtually from off-the-shelf technology to demonstrate what immense strides had been made in finding, following and finally killing a target travelling at 16,000 mph. The "kill mechanism," as they call these unconventional weapons, was a very high velocity projectile only a few inches in diameter. It collided head-on with the Minuteman re-entry vehicle, releasing enough kinetic energy to destroy it and any warheads it would have contained.

A film of this remarkable encounter 100 miles above the Pacific shows dramatically how the projectile is slowed to about 2,000 mph in order to aim it at the target. The demonstration convinced the scientists that they were well on the way to an infra-red tracking system accurate enough to aim a beam at a missile thousands of miles away.

Last year, in a building once occupied by the U.S. Atomic Energy Commission, a stone's throw from the White House, the U.S. Government set up its SDI programme team under Lt-General James Abrahamson. Its chief scientist, Dr Gerald Yonas, a fusion physicist, played a key role in the Fletcher commission deliberations, as chairman of the panel which examined beam weapons.

Beam weapons can be either lasers or particle accelerators, Dr Yonas says. The critical factor for both as weapons is beam brightness—a measure of how fast it can deposit energy on or in a target at a given distance.

His SDI team is exploring several kinds of ultra-powerful lasers, ranging in frequency from infra-red through ultra-violet to X-ray, together with ways of aiming and rapidly re-targeting the laser beam. Lasers damage their targets by burning holes in them — with potentially devastating results if the target is an ICBM fuel tank.

But SDI is also keenly interested in a different kind of beam. The neutral particle beam comes from accelerators of the kind developed for "atom-smashing" by high-energy physicists.

Whereas targets can be shielded from lasers, they are much more difficult to shield from these piercing beams of hydrogen or other lightweight atoms accelerated to very high energies. The electronics of the missile and its warheads will be very vulnerable to such a beam.

Dr Roger Batzel, director of the Lawrence Livermore National Laboratory, in California, says: "The A-bomb is 1m times as effective as high explosive. The H-bomb is 1,000-10,000 times as effective as the A-bomb. Beam weapons could be 1m times as effective as the H-bomb."

His laboratory is studying various potential beam weapons, including the electron accelerator and the idea of using a H-bomb to pump an X-ray laser.

Such a weapon could form one of several layers of a defensive umbrella which first attempted to attack the ICBMs during the boost phase, then in the post-boost phase when they release their multiple warheads, and finally any remaining during their descent.

At this stage of SDI, the options remain wide open as to how the Meccano parts might come together to form the least leaky kind of umbrella. Some say it may make more sense to aim several different weapons at the ICBMs in the boost phase, when they are most vulnerable and their numbers are smallest.

SDI is laying a heavy stress on innovation and creativity of the kind exemplified by the "rubber mirror." For example, Dr Keyworth, the President's chief scientist, believes that high-energy physicists are well on their way to designing miniaturised generators of neutral particle beams.

SDI is this still at the research stage of trying to visualise defence systems from a vast panoply of scientific equipment and experiments.

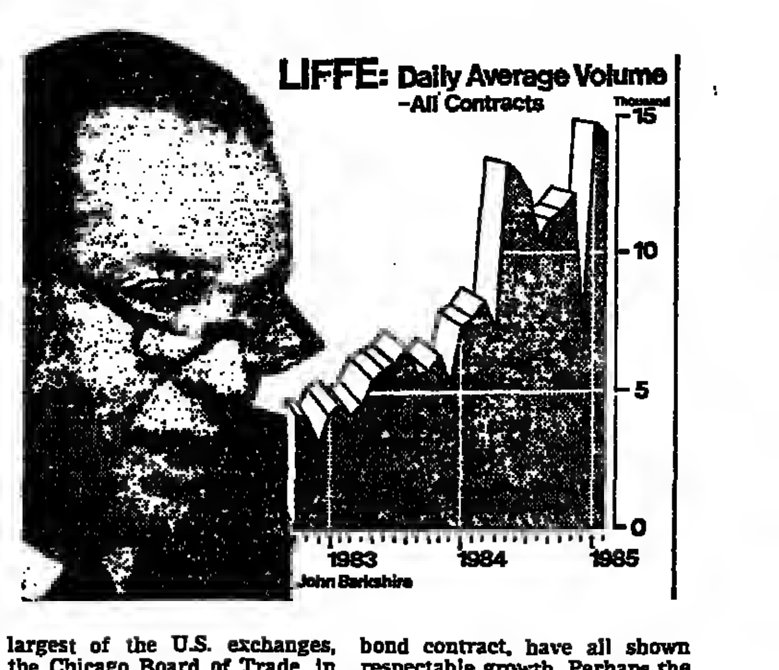
It is not even obvious yet that the weapons will be space-based. President Reagan's original speech made no mention of space. The beam weapons and their big power supplies, which seem to present such a formidable engineering problems if needed in space, could well be grounded.

The foundation stone of the U.S. Government's confidence in SDI, however, is that it harnesses the very technologies—information technology—in which the West has demonstrable superiority over the Soviet Union. As George Keyworth sees it, what will emerge from this new mission are convincing demonstrations that ICBMs, no matter how numerous, have become highly vulnerable to the breakneck pace of progress in electronics, super-computers and beams.

UK financial services

'I have seen the future'

By Alexander Nicoll



John Barkshire

THE HUBBUB under the dome of London's Royal Exchange, which houses the London International Financial Futures Exchange (Liffe) does not yet rival the deafening, desperate chaos of Chicago's trading pits.

Nevertheless, Mr John Barkshire could look back with some satisfaction this week as he stepped down from the chairmanship of Liffe (pronounced life). A man of indefatigable energy—at 49, he is chairman of financial services group Mercantile House, a farmer, and a prominent figure in the Territorial Army—he was the driving force behind Liffe's

Giving up the standard-bearer's role "because nobody should be chairman for too long," Mr Barkshire can feel well pleased with recent developments. Tuesday's Budget removed an important tax disincentive to futures trading and on Wednesday, the 5-millionth contract was traded on the Exchange. The fifth million took just 78 days—18 fewer than the fourth.

Looking ahead, Liffe expects to break even for the first time this year. In June, it will launch its first options contracts, already an exploding market in the U.S. And next year, it expects to benefit enormously from the restructuring of the UK government bond market.

But despite Liffe's substantial achievements so far, Mr Brian Williamson, a founding board member and a managing director of Gerrard and National, the discount house, is taking over from Mr Barkshire, with Mr Michael Jenkins continuing as chief executive. There is no doubt that the stewards of the market still face many hurdles.

Financial futures have not yet won sufficiently wide acceptance to guarantee them a permanent place in London. Many investment managers and corporate treasurers have yet to be convinced of their usefulness. Liffe's 5m contracts in 2½ years compare with over 40m financial contracts traded on the largest of the U.S. exchanges, the Chicago Board of Trade, in 1984 alone.

Futures are often portrayed as a glorified form of gambling, and they certainly are used for that purpose. Their fundamental role, however, is to reduce, or "hedge" risks. The volatility of interest and exchange rates over the past few years has spawned rapid growth of instruments, such as futures, which can reduce exposure to fluctuations.

A futures contract commits the buyer to receive, and the seller to deliver, e given amount of, say U.S. Treasury bonds at a fixed time in the future and—most importantly—at a fixed price. Most contracts are sold before they reach delivery. Though futures began as tools for commodity traders, recent growth worldwide has been in financial contracts, especially in Chicago.

Commodity futures markets have long existed in London, but it was only in 1979, when Mr Barkshire spent five months in Chicago and New York undergoing a thorough education in the U.S. markets that a London exchange for financial futures was first contemplated.

"The financial world had changed from the early 1970s, when it was risk-seeking, to being risk-averse," Mr Barkshire says. "Institutions still wanted to service their clients' needs, but with as little risk as possible. Financial futures were filling this need in the U.S.

On his return, Mr Barkshire began en intense lobbying effort, gathering enthusiasts from all sections of the City "We were talking to people who had never even heard of a financial future," he says.

Liffe began with four currency contracts — Swiss francs, yen, sterling and D-Marks—of which only sterling has got off the ground. The other contracts on short-term Eurodollar and sterling interest rates and long-term UK Government bonds, later supplemented by a U.S. bond contract, have all shown respectable growth. Perhaps the biggest disappointment has been the FT-SE 100-share index contract, launched last year with high hopes

So far, Liffe has been dominated by the professionals—the big banks, brokers and jobbers

Liquidity, providing the ability to trade in and out of the markets at any time and obtain a fine price, has been slow in coming. This has been due partly to regulatory constraints — unit trusts, for example, are still forbidden to deal in futures

The most serious handicap has been the slowness of British investing institutions and multinational companies to appreciate not only how to use the new markets, but also the reasons for using them.

Liffe is hoping that the education process will accelerate as money managers see some of their peers espousing the cause. One enthusiast is Mr George Dennis, director of securities investments for PosTel Investments, who is active in fixed interest futures trading and notes the increasing interaction of the cash and futures markets. "You can't be in one without the other," he says.

Corporate treasurers may remain for the time being as indirect users of futures markets, with banks putting the contracts together with other services to provide sophisticated cash management "packages" to companies.

Mr Williamson, e debonair 40-year-old who was an adviser to the late Mr Maurice Macmillan and, briefly, a journalist before joining Gerrard in 1971, does not belittle the tasks facing Liffe. He sees the development of options contracts as an important area of future growth.

Liffe, meanwhile, can claim an important place in the current City shake-up. "Liffe was a child of the City revolution," says Mr Barkshire, "even though it was born slightly before it."

Weekend Brief

There'll be a welcome...

THE MUSIKVEREIN in Vienna is one of the more testing venues for any orchestra. For a young, relatively unknown orchestra such as the BBC Welsh Symphony, to appear on the stage where Brahms premiered his symphonies represents a formidable challenge.

Yet earlier this month the BBC Welsh Symphony and BBC Welsh Chorus performed two concerts in front of the Viennese musical establishment as part of this year's Haydn Festival, and emerged with critical acclaim.

The audiences on both evenings were equally rapturous. And the British Ambassador to Vienna, Mr Michael Alexander, was full of praise for the visit. "These performances go right to the hearts of the Viennese establishment and generate tremendous goodwill towards Britain," he said.

The BBC in Wales has always maintained a relatively high profile in the arts. For many years it was the only body concerned with sponsorship of the arts within the principality.

Geraint Stanley-Jones, BBC controller for Wales, feels that the orchestra has a role to play in "selling Wales," particularly abroad. "The BBC Welsh Symphony and Chorus are virtually our national orchestra and chorus," he says.

To that extent, he believes they can play an important part in persuading people to invest in Wales. He cited the orchestra's 1984 tour of Canada. "We brought along South Glamorgan County Council, Cardiff Airport Authority, and the Welsh Tourist Board." Each concert was used as background to the "marketing" of Wales. One major deal was signed with Ward Air, clearing the path for regular direct flights to Cardiff from Canada, and a number of other possible business ventures were advanced.

The BBC spends roughly £6.5m a year in direct support of its four main orchestras. Along with the BBC Welsh Symphony, there is the Scottish Symphony, the BBC Philharmonic, and the BBC Symphony Orchestra. Each of the orchestras provides around 130 hours of Radio 3 broadcast time a year—roughly two concerts a week. The BBC Welsh Symphony costs around £1.1m a year to maintain—two-thirds from the BBC, the remainder from the Welsh Arts Council.

The visit to Vienna exemplifies the BBC's interest in increasing international cultural cross-fertilisation. The cost of sending the orchestra and chorus to Vienna was about £140,000, a third of which will be met by the BBC. The rest is covered by the Austrian state television and the organisers of the Haydn Festival. From that investment, the BBC will get two full Radio 3 concerts. Both concerts will be broadcast on BBC Wales and S4C Wales. BBC 2 will take elements of the Handel pieces for a Handel omnibus in celebration of the tercentenary to be broadcast later this year. BBC Wales are also pushing for the Haydn pieces to be broadcast in full on BBC 2.

The concerts were also broadcast live on the radio to Austria, Germany and Holland, and on delayed transmission to Italy and Sweden.

Stanley Jones is off to China later this year to arrange a possible future tour. With him will be Mr Alf Gooding, chairman of the Gooding Group, an industrial holding company, and president of the Welsh CBI. Gooding, who was with the orchestra in Vienna, is keen to promote the idea of Wales abroad.

"In the last resort, exporting music is like exporting ball-bearings," says Stanley Jones.

Wham! over the Great Wall

Wham! the wholesome British pop duo, appear set to boost their already considerable fortunes—and that of their manager, the perma-tanned Simon Napier-Bell — further still with their historic visit next month to China.

No other Western pop persons have ever penetrated the People's Republic—Mick Jagger and Rod Stewart are among the mandarins of the industry to have tried and foiled—and when the bamboo curtain goes up on the happy couple in Peking and Canton, the rewards, long-term, should be enormous.

Short-term, things will be rather different. The total cost of the tour—an estimated $300,000—is to be borne jointly by Wham and CBS, the American television network, while all income from ticket sales will be given to charity.

The pay-off, when it comes, should be in sales of recorded music by Wham! mainly in the form of cassettes. Many Chinese families now have a cassette system of one form or other, and with some 450m young people between the ages of 12 and 35, the market for imported pop is vast.

One snag is that the state-run China Record Company currently monopolises record sales all the way from the Great Wall to the border with Hong Kong and refuses to handle foreign goods. But Napier-Bell is not beaten: he has been negotiating with Peking for months and hopes to announce in a few weeks that Wham! has joined the list of officially approved artists. Then the cash registers should start ringing.

But why should Wham! succeed where others have failed? Their manager—whose entrepreneurial career spans 21 years and includes control at various times of the Yard Birds, Marc Bolan and Japan—feels he knows the answer. "The boys (George Michael and Andrew Ridgeley) have no controversial political or social message to put over," he says "They have no problems with drugs or unusual varieties of dress."

"Even so," he adds—surely without exaggeration—"they should be a bit of a culture shock for older Chinese."

Napier-Bell, it must be said, knows the mysterious East extremely well. He has been taking pop groups to Japan for years, and owns recording companies in Hong Kong and Singapore. But China is the one he has been waiting to crack. Negotiating with the Chinese, he says, can be a painful affair. "There are no positives at all; it's a matter of whittling away the negatives."

One initial problem was in letting Chinese officials know what Wham! were like.

A team of diplomats from the Chinese embassy in Japan was first invited to a "gig" in Tokyo. Next, a video was selected for despatch to Peking. One, involving scenes of love-making was thought unsuitable, as was another showing scenes of beach decadence. Finally, a performance video from BBC Television's Top of the Pops was chosen. Wham! was shown singing a number called "Freedom," and this went down, it seems, extremely well.

"Everyone thinks their ideology is going to lead to freedom," says Napier-Bell.

The upshot was en invitation from the All-China Youth Federation expressing the federation's belief that "the performance by these famous English musicians will turn out a success."

Napier-Bell is plainly delighted by his coup. "It's a nice sense of achievement," he admits. "One does get pretty bored sometimes after 20 years. Number One hits don't mean much any more."

And what of Wham! themselves, to whom, presumably, number one hits are still precious? "We're absolutely delighted," George was quoted as saying earlier this month. "We're really looking forward to meeting the young people there."

In fact, Wham! already has a following of kinds in China. When Napier-Bell was in Canton recently, the radio in his taxi from the station played no fewer than five Chinese cover versions of the boy's matchless ballad, "Careless Whisper." All five were beamed in, subversively, from Hong Kong.

Brief encounter in Indonesia

Holding hands with an orang utan for the first time can be an unnerving experience. They are almost too affectionate. An orang grasps your hand rather like an old relation crossing the road. You stand and smile feeling less like Tarzan, more like Jane, in need of rescue.

The orang merely looks around, scratching a great deal but shows no intention of relaxing its grip. Its long fingers try to tease a ring off your finger. Only when you do a dance, scratching, pretending to be an ape, does the orang break free to mimic human actions.

The encounter happened on my visit to a rehabilitation centre in Indonesia, not for tired journalists, but specifically for orang utans. In the old Dutch colonial days one had to have a pet orang utan to be considered a gentleman, not only that, but having a pet orang about the house often served to fill the vacuum of the long evenings down on the plantations.

After the Dutch left, Indonesian officials kept up the orang habit. As a result many hundreds of the apes were tamed over the years. The rehabilitation centre at Bukit Lawang in North Sumatra gradually retrains the tame orangs to cope with life in the jungle.

For while an orang utan is e lovable pet for a few years, as time goes on problems arise. It soon grows to unmanageable proportions, consuming alarming amounts of food, leaving rather unpleasant droppings about the house, and in its playfulness, breaking up the furniture. Eventually the orangs have to be caged. At Bukit Lawang they are weaned off their more exotic diets end on to milk and bananas. After about three months it is hoped they will be able to leave the port and stilton alone and fend for themselves in the jungle.

Getting to Bukit Lawang is no easy business. A long jeep journey is followed by a hazardous crossing over rapids in a dug out canoe. After a long uphill trek you reach a special viewing platform and wait for the arrival of the orangs, as a thousand insects mount your trouser legs. But when the orangs finally arrive the sight is worth even the mosquito bites.

They approach with an easy familiarity, rather like an old member entering the club diningroom, you can almost see the newspapers under the arm. But then they nonchalently lollop from tree to tree, surprisingly graceful for such big creatures. Finally they slide, one by one, down the trunk of a 100 foot high tree, like so many firemen down the greasy pole. They drink their milk and eat their bananas with grace. One almost expects serviettes to appear.

A lady from Frankfurt becomes a little alarmed as a baby orang pulls at her skirt. "Goodbye Germany, hello jungle," is written on her face. Another orang fiddles with a pair of binoculars. It is difficult to tell who is the audience, the orangs or the humans.

Wardens at the centre say the orangs must get used to not only a new diet, but they also have to learn how to build their nests in tree tops and how to camouflage themselves for protection. Most learn to cope surprisingly quickly but some sadly come to grief or have to be caged once more.

There are other hazards, even in this remote region. The jungle is disappearing fast. Poachers sometimes steal the baby orang. The rehabilitation centre, which is funded by the World Wildlife Fund, is facing increasing financial difficulties. As it grows dark, even the lady from Frankfurt looks as if she does not want to leave.

The orangs also seem sad, and an image comes to mind—the old-time planter on his verandah on a tropical evening chatting away to his faithful orang utan.

Contributors:
Andrew Arends
Walter Ellis
Kieran Cooke

BUILDING SOCIETY RATES

	Share a/cs %	Sub'pn shares %	Others %	
Abbey National	7.50	8.50	8.75	Seven-day account
			9.25	Higher interest acc. 90 day's notice or charge
			6.25-8.75	Cheque-Save
Aid to Thrift	9.60	—	—	Easy withdrawal, no penalty
Alliance	7.50	8.50	8.75	7 days' notice. Immed. wdl. if balance £2,500+ Int. pd. ½-yrly., mthly.-inc. optn. if bal. £1,000+
			9.25	Bank save. Balance of £2,500. Current account
Anglia	7.50	8.50	9.25	3-year bond. No notice, 3 months' penalty
			9.25	Capital share. No notice, 1 month's penalty
			9.00	Instant Gold. Annual int. No notice or penalty
Barnsley	7.50	9.25	9.50	2-year termshare—3 months' notice
			9.15	Special investmt. share/monthly income share
Bradford and Bingley	7.50	8.50	8.00	Premium access. On demand, no pen. £1,000+
			9.25	High income. 3 months' notice or 90-day pen.
Bristol and West	7.50	9.50	8.50	Plus a/c £1,000+. No notice. No penalty
			8.45	£20,000+, 9.20 £5,000+, 8.95 £1,000+, 7-day notice Triple Bonus. Also Monthly Income
Britannia	7.50	8.50	8.90	7 days' notice, 9.15 28 days' notice
Cardiff	9.00	9.10	9.50	90 days' not. Penalty if balance under £10,000
Catholic	7.80	8.80	9.30	Extra share. Interest monthly. Maximum 8.79
Century (Edinburgh)	8.85	—	9.30	Permanent 2/3 years or variable
Chelsea	7.50	9.50	9.75	Immed. withdwl. int. pen. or 3 months' notice
Cheltenham and Gloucester	—	8.50	—	Gold. No not. No pen. Under £1,000, 7.50; Over, 9.00; £5,000+ 9.38 when monthly int. added
Citizens Regency	7.75	9.00	9.15	7 days, 9.25 1 month, 9.50 3 months
City of London (The)	7.75	9.00	9.50	3 months' notice—no penalty—monthly income
			9.20	21 days' not. im. access for amnts. over £10,000
Coventry	7.50	8.75	9.75	2-year bond £1,000+, close 90 days' notice and penalty, monthly inc. opt., guaranteed 2.25 diff. Moneymaker inst. acc. no pen. 9.45 £20,000+, 9.20 £5,000+, 8.85 £1,000+ monthly inc. opt.
Derbyshire	7.50	9.75	9.50	2 y., 3 m. not. with pen. 8.75 no nt./pn. m. inc.
Gateway	7.50	8.50	9.00	Gold star £1,000+. No notice. No penalties. Monthly int. £5,000+ 9.38 if added to account
Greenwich	7.50	—	9.50	90-day a/c (7-day a/c 8.75-9.25 subject to bal.)
Guardian	7.75	—	9.85	6 months, 9.60 3 months, £1,000 minimum
Halifax	7.50	9.50	9.75	7-day Xtra, 7 days' notice, no penalty
			9.00	28-day Xtra, 28 days' notice, no penalty
			9.25	90-day Xtra, 90 days' notice, no penalty
Heart of England	7.50	8.75	9.25	90-day notice, 8.75 5-day notice
Hemel Hempstead	7.50	9.00	9.75	90 days. 9.50 60 days. 9.25 28 days
Hendon	8.00	—	9.50	7-day account, minimum £500
Lambeth	7.65	8.75	9.20	7-d. a/c, 9.80 Magnum a/c 6 wks. + loss of int.
Leamington Spa	7.60	—	8.10	Spa mthly. income, no not., no pen. £5,000 min.
			9.75	High flyer, no notice, no penalty, £10,000 min.
			9.65	Supershare, no not., 14 days' pen. £2,000 min.
Leeds and Holbeck	7.50	9.25	9.00	Monthly interest, 9.25 28 days' notice or pen. neither if £10,000 still in account
Leeds Permanent	7.50	8.50	8.75	Liquid gold. No not. no pen. (9.00 on bal. of £2,500+) HRAS 10th issue 9.25 3 months' not.
Leicester	7.50	9.50	8.85	£500+ im. wdl. no pen. 9.73 c. m. 1 yr. £2,000+
London Permanent	8.00	—	9.50	60 d. not. or imm. wdl. no pen. if bal. £7,500+
Midshires	7.50	—	9.50	60 d. not. or pen. No not./pen. if bal. £10,000+
Mornington	*8.30	7.80	9.03	£2K, 9.25 £2K+, 8.35 £10K+, 9.5 £20K+ *£2K−
National Counties	†7.80	8.80	9.80	90 days' notice, no penalty. † £1,000+
National and Provincial	7.50	8.50	9.50	APEX (+2% gtd. 3 yrs.) im. wdl. 60 days' pn.
			9.25	90 days' notice/pen. unless bal. stays £10,000+
			9.00	28 days' not., 8.75 7 days' not./penalty as above
Nationwide	7.50	8.50	9.25	Capital bonds, 3 yrs., 90 days' notice/penalty
			9.25	Bonus-90, 90 days' notice/penalty
			9.00	Super bonus, 28 days' notice/penalty
			8.75	Bonus-7, 7 days' notice/penalty
Newcastle	7.50	8.75	9.25	90 days' notice, 9.00 28 days' notice
			8.50	7 days' notice. On demand with penalty
			9.75	2-year term access with penalty
Northern Rock	7.50	8.75	[illegible]	Moneyspinner plus £20,000 or more
			9.25	Moneyspinner plus £5,000 or more
			9.00	Moneyspinner plus £500 or more
Norwich	7.50	8.75	9.05	7-day share monthly income option
Peckham	8.25	—	9.25-9.75	imm. wdl. if over £2,000. Monthly income
Peterborough	7.50	8.80	9.50	Flexi-plus 60 days' notice monthly income
Portman	7.50	9.25	9.10	Flexi-plus. Minimum £500. No notice imm. wdl.
			9.50	Prem. Min. £500. 2 months' notice. No penalty
Portsmouth	7.65	9.15	9.80	3 years, 9.60 90 days, 9.35 30 days, 9.05 7 dsys
Property Owners	8.00	9.50	9.80	3 mths., 9.50 6 mths., 9.35 28 days. 9.25 im. ac.
Scarborough	7.50	8.75	9.50	2-yr. limited share. 1.75 guaranteed differential
Skipton	7.50	8.75	9.70	Sovereign £10,000+. 9.35 £500-£9,999. Monthly inc. 9.35, min. inv. £2,500. Inst. access no pen.
Stroud	7.50	8.75	10.00	2 yr. term: not. o/c with mthly. inc. opt. 9.30 90-day, 9.05 28-day
Sussex County	7.50	9.00	8.80	7 days, 9.10 Sussex high, 9.40 90 days
Sussex Mutual	7.75	9.00	9.15	Over £5,000, imm. wdl. Under £5,000, 7 d. not.
Thrift	7.60	—	8.60	3-year term. Other accounts available
Town and Country	7.50	8.50	9.50	90 d. not. or pen. No not./pen. if bal. £10,000+
			9.00	7 d. not. or pen. No not./pen. if bal. £10,000+
Wessex	9.35	—	—	No notice—no penalties—minimum invest. £1
Woolwich	7.50	—	9.00	Prime—no notice, no penalty, minimum £500
			9.00	Monthly increase shares, 28 days' notice
			9.25	Capital, 90 days' notice/penalty
Yorkshire	7.50	8.50	9.25	Diamond key, 28 days' notice or 60 days' pen.

All these rates are after basic rate tax liability has been settled on behalf of the investor.

T & N recovery continues with £8m rise

Turner & Newall, tha automotlva and industrial components group, yesterday unveiled a further recovery ln profits with the taxable result for 1984 showing an £8m advance to £20.5m.

Thie was after a higher cost *of settling asbestos-related* disease claims ln the U.S. wbicb rose from £7.6m to £10.7m, largely due to the strooger dollar.

Tha pre-tax outcome *is* the highest since 1978 and Sir Francls Tombs, group chairman, aays "our achievemeots in the past two years givs me confidence for the continuing progress of tha group."

Earnings more than doubled from 4.85p to 11.06p per £1 share and there is a partial restoratioo in the dividend with the directors recommending a final 1.5p distribution, making a total of 2.5p against 1p.

City analysts, however, bad been looking for a higher pre-tax outcome of between £22m and £23m. The shares, which were dropped from the FT 30 Share Index in July 1982, lost 5p on the day to finieb at 107p.

Turner's profits peaked at £45m in 1977, but by 1981 they bad fallen away to £11m and in 1982 the company was in the red to ths tune of £19m.

From being a collapsed bank-supported conglomerate built on asbestos production, Turner bas become e compact specialist industrial company, primarily lnvolved in the automation and building industries.

Last October saw the company step out of the "banking lifeboat" which rescued it from the heavy losses io 1982 and problems over *asbestoa products*.

The return to profitable trading produced a reduction of £4.4m in net hank borrowings last year, says Sir Francis. Nat finance charges in 1984 were £1.8m lower at £9.6m.

An 86 per cent lncrease from £10.7m to £19.9m in operating profits from UK companies was primarily behind last year's recovery.

Sales by UK companiea, says Sir Francis, contioued to improve led by a strong export performance and most of the operations again registered profit improvemenls.

TBA Belting, however, lncurred a loss due to the mioers' strike but Payeo made a small operating profit.

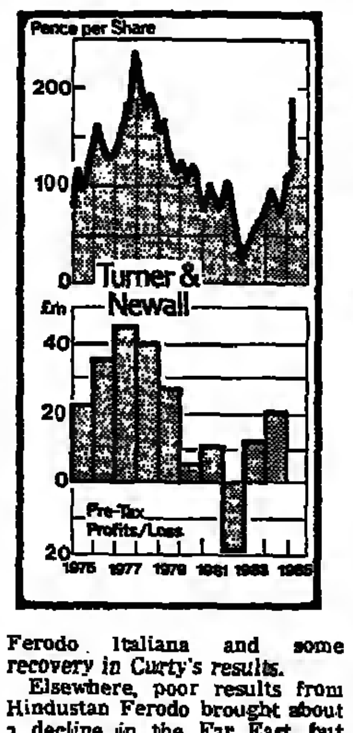
He says the other European operating results improved due to a strong performanca from Ferodo Italiana and some *recovery in Curty's results*.

Elsewhere, poor results from Hindustan Ferodo brought about a decline in the Far East, but Nuturn in North America again increased its contribution.

South Africen operations did better than last year but the weakness of the rand edversely *affected* the *results* on transiation to sterling.

The profits of the manufacturing companies in Zimbabwe, although lower than ln 1983, "were creditable," says the chairman.

But he eays results from other African companies were worse than in 1983 as limited currency allocations for imports made it impossible to meet demand.



PERFORMANCE ANALYSIS

	Operating profit 1984 £m	1983 £m
Regional Summary		
UK	19.9	10.7
Other Europe	2.5	1.3
Africa	12.7	13.4
India & Pacific	1.1	2.0
North America	4.2	3.1
Divisional Summary		
Automotive	16.7	10.6
Construction & Inds.	18.4	13.4
Plastics	3.9	3.9
Mining	1.4	2.6
Total*	40.4	30.5

* *Continuing businesses.*

Total group turnover was lower at £471.9m. against £488.5m, and in addition lo the asbestos claims and finance charges there was ao exceptional debit of £1.1m (£0.1m) for redundancy and severance costs —related companies edded £2.3m (£1m).

The tax charge was up from £6.3m to £7.1m. *After dividends*, minorities of £1.4m (£0.9m) and extraordinary debits of £1.9m (credits £3.2m) relating lo closures and restructuring, retained profits were *static* at £7.4m.

Capital expendinire doubled to £8m in the UK businesses and the group total was £16m, a rise of £3m. *Sir Francis* says that the group's debt equity ratio fell from 23 per cent a year ago to 21.3 per cent.

● The results of the Zimbabwe mining subsidiary, Shabanie & Mashaba Mines, remain unconsolidated. Turoover was £53.7m, against £50.3m, and retained earnings amounted to £3.5m compared with £0.2m.

See Lex

Fasteners boost Newman to £5.4m

By Ian Rodger

PRE-TAX profits of Newman Indnstries, the diversified engineering group, rose 50 per cent last year to £5.4m, mainly on the strength of doubled profits from ths industrial fasteners division.

Mr Nigel McLean, the chairman, says that results lndicate that the consolidation period for the group following lls liquidity crisis and emergency £8.3m rescue financing two years ago is over.

Ways and means are being sought to enable the company to expand more rapidly, restore dividends and simplify the financial structure. "The board is giving active consideration to specific proposals and bopes to make a foll announcement in the near future," Mr McLean says.

Since tha refinancing, the company has had an awkward *capital* structure, with preference shares accounting for over £14m of the £17.7m equity base. Most of the preferencee capital is in a series that has the right lo participate in profits once they exceed £2.5m, but other series and the ordinary abares still receive no dividends.

Mr McLean says that "despite the lncrease in profit gearing remains bigh and directors consider it imprudent to make any further dividends in respect of 1984.

Turoover last year rose 23 per cenl to £87.4m and trading profit was up 32 per cent to £7.8m (£5.9m). Avdel, the fasteners subsidiary, raised its trading profit from £5.3m to £10.1m, electric motors slumped from a £0.4m profit into e £2.3m loss and engineering products profits were up from £0.4m to £0.5m.

Tax took £2.5m (£1.2m) and extraordinary items £0.2m (£0.5m), leaving attributeble profits of £2.7m (£1.9m) or 3.1p (2.5p) per share.

Mr McLean says the electric motor division, wbicb received little investment for many years, "is in the course of a major and comprehensive investment programme lo counter lts loss position and bring the divisioo back into a competitive state."

● comment

Newman has recovered much more quickly than expected, thanks largely to Avdel, a world leader in sophisticated rivets and other industrial fastener systems. Newman's gritty decision to go for investment in this business rather than concentrating on paying down huge group debts has certainly paid off here. In the past two years, Avdel bas spent £7.9m, developing products and improving machinery and lts profits have grown from £3.7m to £10.1m. It remains to be seen whether Newman can pull off the same stunt in electric molors, a sector in which lt is not a significant player. But at least the thinking—that lt is worth going for market advantage through investing in product design and better production equipment—is a refreshing ona in a British engineering company. It appears these same directors may also convince their preference shareholders to convert to ordinary shares and raise new money to reduce borrowings, which stand at about 92 per cent of the £23.3m of shareholders funds. The shares rose 4p to 32p where the fully diluted p/e is 10.

Lower second half leaves Hepworth Ceramic at £35.2m

SECOND half *pre-tax* profits of Hepworth Ceramic Holdings, building, construction and refractories concern, fell from £18.47m to £15.18m and left the full 1984 result at £35.23m, against £33.52m previously.

The dividend total is increased to 6.75p, compared with 6.3p, however, with a final payment of 4p (3.8p) net. Stated earnings per 25p sbare arB given as 14.12p (12.39p).

Pre-tax, and interest charges of £2.61m (£2.13m), profits of £37.84m (£35.65m) were split between: building and construction materials £21.87m (£23.89m); refractories £5.19m (£3.41m); lndustrial saods, minerals and resins £10.39m (£8.15m); engineering and miscelleneous £394,000 (£203,000).

The directors say tbat in the first balf of the year the company achieved a record profit of £30.1m but was unable to sustain it in-the second *half* because of extraneoua factors over which it bad little or no control.

They explain that the imposition of VAT on the DIY market censed an imbalance of demand in the second half, while the miners' strike had the direct effect of reducing profits by more than £1m. The lndirect effect may well have been twice that figure, lhe directors say.

They add that a severe price war broke out in that part of the plastics industry, "which can loosely be described as plumbing components," the immediate effect of which was to reduce profitability.

Tbe directors aay tha lncreases in bank base rates during the second six months of 1984 and, to a lesser extent, mortgage interest rates, bed an immediate effect on bousing starts.

Apart from these matters the directors *say the group* continued, on the level of demand eveilable, to produce profit at the same rate in the second balf, as lt did io the first," and the underlying position ls therefore very sound."

Pre-tax figure lncluded related companies' profits of £75,000, compared with £254,000 losses last time. Tax charge was £13m, against £14m, and there were extraordinary debits of £4.09m (£3m). There was also a deferred tax provision of £12m (£30.35m) and goodwill debit of £1.89m, against £66,000.

Mr Peter Goodall, chairman of Hepworth Ceramic

● comment

Hepworth Ceramic's explanations for an unexpected £5m shortfall in year-end profits looks a bit thin even though the halftime statement did give a blanket warning of the possible effects of the then apparent *slowdown* in the economy. For one, the statement was made three mooths after the imposition of VAT on boma improvements, yet no reference was made to the impact it was having at the time. Secondly, the £3m profits estimate of the effect of the miners strike looks somewhat high given that *refractories*, the activity it would most affect, actually increased its profits by almost £1.8m. And *thirdly*, the reference to interest rates looks somewhat obscure as average 1984 base rates were actually lower than the previous year. Added np, it looks like the company has taken a beating all round in the second half, especially in tha plastic pipes division. With only the miners' strike over, the inevitable *conclusion is* that 1985 will bring just minimal growth. Assuming around £37m and tax et 36 per cent, the prospectiva p/e of almost 9 at 134p, down 6p, looks e *little demanding* given the stete of the aector.

Eucalyptus Mills jumps to £7.23m

FOLLOWING A turnround from losses of £1.09m to £3.35m profits at midway, Eucalyptus Pulp Mills has turned in a sharply higber taxable surplus of £7.23m for 1984, compared with £850,502 previously. The dividend has more than doubled from a grosa 7p to 15p, which includes a special payment of 5p.

The shares jumped 30p to close at 505p.

Turoover for the 12 months expanded from £17.07m to £25.37m wbile trading profits surged from £2.4m to £8.28m for the period. The pre-tax figure was after a £1.05m (£1.55m) provision for unrealised exchange losses.

The directors polnt out, however, that in e cyclical lndustry, with a large oversupply of pulp in the *market*, comparable results for the current year cannot be expected.

They say that profits for 1984 were e record, dua to the substantial capital investment in recent years, the strong market upturn and favourable exchange rates.

The dlrectors explain that the much higher divideod is to take account, both of the "exceptionally bigh profits" and that no dividend was paid ln 1982. They say the timing of tha paymeot will depend upon when permission *is* received from tha Bank of Portugal to remit the necessary funds.

Tax charge amounted to £1.75m, against £245,800 and after minorities, £384,359 (£52,567) tha attributable balance came through well ahead at £5.1m (£552,135). Earnings per 25p share jumped from e stated 14.8p to 136.9p.

The directors say that, as ln previous years, adjustments bave been made to the accounts of tha Portuguese subsldiary, Companhiade Celulose do Calma, for the pnrposes of inclusion in group accounts to conform with UK accounting practice. The consolidated ettributabla profit for 1984 of £5.1m includes some £2.68m from such adjustments and is therefore not immediately dlstributeble.

Wolstenholme up 47% and calls for £2.6m

Wolstenholme Rink reports e 47 per cent lift in pre-tax profits to £1.69m for 1984 and announces plans to raise about £2.59m net by *way of a rights issue*.

The issues will be on the hasis of one new share for every four held and ia uoderwritteo by Lazard Bros. & Co. Joint brokers are Cazenove & Co and Henry Cooke, Lumsden.

The directors say further progress will be made in existing businesses and Omnicrom (which ia engaged in single colour photostating) will start selling its producta shortly and is expected to contribute to 1985 profits.

The net final dividend is raised *from* 4.25p to 5.25p, which lifts the total by 1p to 7.75p. Earnings per ahare are shown as moving up from 16.8p to 25.8p.

The directors expect to be able to at least maintain the 7.75p total in 1985 on the capital enlarged by righta.

Turnover of this group, which produces bronze and aluminium powder, and sells pigments and chemicals used in printing, packaging and paint industries, moved ahead from £19.21m to £21.51m.

Commenting on the rights issue the directors point out that Wolstenholme Rink has been involved in a heavy investment programme over the past three years, including the ecquisition of oew *businesses*.

Funds required for expansion have come from profits which they point out bave more than doubled at the pre-tax level io the past two years, and from borrowings. For 1982 profits had fallen lo £839,000.

ln early 1982 the directors decided on a major investment programme at Wolstenholme Bronze Powders which involved concentratiog all activilies on one site. The main purpose was modernisation of the manufac*turing process. The total cost* of the programme is expected to be about £4.2m, and they point out that the move has caused disruption to business and significant non-recurring costs.

Clyde lifts Petrolex offer by £2m

BY CHARLES BATCHELOR

Clyde **Petroleum**, the independent oil company, yesterday increased the velue of its take-over bid for Petrolex, a smaller USM oil group, by £2.1m to e final offer *of £11.7m cash*.

Petrolex immediately rejected the increased bid which, it said, "feils dismally to reflect the intrinsic worth of Petrolex."

The new offer is worth 75p for each Petrolex share compared with the original bid of 58p per shere made on January 31. Petrolex's shares rose 7p yesterday, to 75p to match tha bld price. Clyde's shares eased 1p to 86p.

Clyde said its revised offer represented an increase of 10 per cent on the Petrolex sbare price of Thursday, and a rise of 56 per ceot on the market price of 48p ahead of the original offer.

Petrolex floated 14 per cent of its shares oo the USM last June at a placing price of 68p. It bas exploration interests in some UK offshore blocks as well as a 0.25 per cent stake in Forties Field production.

Clyde has stakes jn the Balmoral Field and Wytch Farm *among others*. It put its U.S. oil and gas interests up for sale et the end of last year saying it planned to concentrate on exploration and acquisilions in the UK and north-west Europe.

Mr Jim Lindars, Petrolex's managing director, said yesterday: "We shall continue to resist at this level. The new bid grossly undervalues the company both in its present form and in terms of its future prospects."

Preference twist in SHT bid

BY CHARLES BATCHELOR

A *BELATED* twist to the long-running take-over bid from Scottish Heritable Trust (SHT) for Hoskins & Horton, the engineering and quarries group, emerged yesterday.

SHT has been forced to increase the value of its offer for the 20,000 Hoskins preference shares from 100p to 105p to bring *in enough recalcitrant* Hoskins' preferred shareholders to complete the takeover. Hoskins' shares stood unchanged et 102p yesterday.

SHT had failed to reach the *90 per cent level of preference* shares which would have allowed it to compulsorily buy in the rest. This would have left it with an outstanding minority and the preference share listing would have had to be maintained.

SHT battled with London and Midland Industrials (LMI) for control of Hoskins for neerly four months aod the two coinpenies made no fewer than eight bids.

SHT finally knocked out LMI on the final day of the bid contest *in mid-February. SHT* increased the value of lts bid to £9.9m and won the support of holders of 62 per ceot of Hoskins ordinary shares.

In the month that followed acceptances continued to come in to give SHT more than 90 per cent of the ordinary sharea. But a small number of preference sbareholders held out.

Yesterday's increasa ln the preference share price gives SHT another four mooths to complete the bid.

Pegler pays £12.5m for GEC offshoot

Pegler-Hattersley, the Doncaster-based brass founder, industrial valve maker, hes agreed in principle to buy Satchwell Sunvic, e GEC subsidiary specialising in electronic heating controls, for £12.5m in cash.

Pegler reckons the acquisition will give it e wide range of mechanlcal and electronic compooents for its building products divisioo which makes fittings for plumbing and heating.

Satchwell, based near Glasgow, earned £207,000 pre-tax profits last year, down from £1.5m in 1983, after costs incurred in moving factory. But Pegler expects a "significant" recovery this year.

Satchwell's net assets being acquired are estimated et £4.5m.

Kio/Monument

The Kuwait Investment Office has increased its stake in Monument Oil and Gas, which was launched on the USM last November, from 18.1 per cent to 29.54 per cent.

Sanderson Murray

Sanderson Murray & Elder (Holdings), which bas wool-combing interests, achieved taxable profits of £53,291, against £40,345, in the six months to end-December 1984.

Turnover amounted to £2.73m (£2.74m).

Beatson Clark £0.4m in the red as demand weakens

A WEAKENING of demand, principally from the UK pharmaceutical industry, has resulted in pre-tax losses of £434,000 at Beatson Clark, glass container manfacturer, for the year to December 29 1984. In the previous year profits of £1.2m were achieved.

The shares closed 27p lower at 145p yesterday.

Mr David Clark, chairman of this Sooth Yorkshire-based company says that trading in January and February bas been encouraging. The directors expect to reverse the decline in glass container sales experienced in 1984, and to sell more both at bome and abroad.

They are demonstrating their "cautious optimism" by recommending e lower final 3.3p (5.7p) dividend, bringing the total for the year to 6.6p (9p). Stated net earnings per 25p share fell from 24.2p to 0.5p.

Turnover came to £32.1m (£31.6m).

Although subsidiaries traded profitably, at the operating level there were losses of £44,000, compared with profits of £1.34m.

At the interim stage, with profits down £923,000 to £298,000, the directors expected market conditions to be depressed for "some time," but hoped to operate profitably at a lower level of activity.

Interest for the year took £390,000 (£118,000), and there was e tax credit of £464,000 (£146,000). An additional extraordinary provision for deferred tax amounted to £1.7m (nil).

After dividends absorb £420,000 (£510,000), retained losses will be £2.09m (profits £858,000).

On a current cost basis pre-tax losses were £1.4m (profits £641,000). Losses per share came to 15.3p (earnings 13.9p).

RESULTS DUE NEXT WEEK

BAT profit set to eclipse ICI's £1.03bn until Telecom shows its hand

NEXT WEDNESDAY will ba a landmark day on the Stock Exchange when BAT lndustries announces its preliminary results. In terms fo profits, it is expected to eclipse ICI, making it tha UK's biggest profits earner outside the oil sector, until British Telecom reports in the summer.

Three factors will contribute to this—a befty currency gain of more than £100m, a continuing bealtby, element of organic growth and acquisitiona, including a first time contribution from Eagla Star, although Eagle's input is expected to ha minimal after expensea.

Tobacco interests will have seen a marked recovery and good growth should be evident from the retail side and paper division. The benefits of the Hambro Life acquisition and the sale of International Stores and the cosmetics businesses will show up in the current year.

Most analysts are forecasting a pre-tax oulcome for 1984 of between £1.25bn and £1.3bn, although al least one is going for £1.33bn, egainst £979m last time.

Woolworth

Good progress from two major High Street retailing groups is also expected to be announced next week. On Thursday analysts expect the preliminary pre-tax profits of Woolworth Holdings to be in the region of £47m, against £29.4m, while the interim results of the Burton Group on Wednesday should reveal e pre-tax profits line up from £26.1m to around £34m.

In Woolworth's case, the critical Christmas period went well and the traditional core businesses should ahow a continuing recovery albeit a slow one, from a low base.

The new management is moving cautiously in changing its old product lines and High Street image. In pure tradiog terms, the B & Q subsidiary is the main driving force but at least £2m could have beeo knocked off the group's final tally in pre-opeoing costs of net outlets.

On the other *hand* Comet, the latesl acquisitioo, is taking time to make an impact; clearly, the more difficult market for electrical goods is not helping to smooth the inlegration of the two companies.

Burton

At Bortoo, the company ls in the midst of a £75m capital expenditure programme. At the AGM it was reported that sales were a third aheed and analysts are reasonably confident thal this momentum has been et least maintained, although there are doubts now that the group can snslain the impressive rate of *growth il has achieved over the* past few years.

The strategy is clear; while tha core businesses continue to trade well, the group must look to new areas for expansion. Here, it is pushing hard to develop the Principles chain for 24-40-year-olds, where ultimately the plan is to have more than 200 outlets.

British Aerospace

Most analysis are looking for *£120m-plus pre-tax profits* for British Aerospace which reports results for 1984 on Tuesday.

This would be e near 50 per cent rise oo 1983 and would provide an attractive *curtain* reiser for the planned sale of the Government's 48 per cent stake in early May.

The share sale, to be modelled on the *successful* promotion of British Telecom shares, will be accompanied by a rights issue and thesa two events will naturally tend to oversbadow the results. But the City will be listeoing carefully to what Sir Austin Pearce, BAe's chairman, has to say about his civil aviation order book.

Civil Aviation used to be regarded as the great black hole ln BAe'a business. But sentiment is changing. The company's stake in the Airbus 320, the new 150-seater aircraft, looks a winner in a new market; orders for lts own smaller planes—ths 146 and Jetstream — are also coming through, though not as quickly as some would want.

Meanwhile, the missile and dynamics business is also performing strongly and will still contribute 99 per cent of the profits.

The one black spot ls industrial relations: last year's nine-week long strike at Filton will have cost lhe company something in money (one reason why L Messel have cut their forecast to £115m) but even more in reputation.

Prudential and L & G

Next week also sees e host of life companies ennounce their 1984 results including **Prudential** Corporation, Britain's largest ilfe group on Wednesday and **Legal and General** Gronp, Britain'e aecond largest on Thursday.

Conditions have been bouyant for life assurance companies in the UK over the pasl few years. New business growth has soered end stock markets have been strong, with the result that the annual valuations bave produced a steadily rising surplus eacb year. The bonus declerations for 1984 already made to policyholders iodicate a further substantial growth in profits this year.

However, general insurance operatioos last year have been the worst for some decades ln the UK and overseas with intense competition keeping down premium rates claim payments rising relentlessly.

Thus the good growth in life prifits for the Pru and L and G will be heavily diluted by losses on their general insurance operations.

The Pru is expected to show life profits up by a sixth to £70m. But uoderwriting losses up by two-thirds to £130m on general insurance end reinsurance business will result in net profits dropping nearly balf to around £37m.

L and G could show a similar picture with life profits up e fifth to £56m, offset by a £15m loss on general operations leading to profits dropping 10 per cent to £42m.

Nevetheless, the Pru's dividend should rise over 10 per cent from 19p to 21p, and L and G's by a similar amount from 18.5 to 21p.

Equity and Law, which reports on Tuesday, being a pure lifa company is not affected by the general insurance weakness and should show a profit rise of one-fifth to £5.5m and a similar dividend rise to 5.5p.

Enterprise Oil

Enterprise Oil, the former oil production arm of British Gas, will unveil lts first full year *figures* as e quoted company en Tuesday, and the market is looking for net profits of around £60m for 1984.

That compares to £47m forecast by Enterprise et the *time of* its flotation last June. Prospectus conservatism apart, two main *factors* account for the jump: the earlier-than-expected slart of production from the Hntotn field and the recent weakness of sterling against the dollar, ln which oil is priced. (Enterprise's offer for sale forecasts were based on a dollar/sterliog rate of $1.45.)

The main City lnterest focusses not so much on Enterprise's results—wbich are fairly predictable, given that lt la a purely upstream operation—but how it intends to use its large cash reserves to build itself into a company with a more balanced spread of interests.

Rnmours bave long been rife about a possible takeover or a large pnrchase of ecreage. Enterprise shares are unlikely to be rerated until the market sees which way it jumps.

Lucas Industries

This year's first half profits from Lucas Industries, due ont *on Thursday*, are going to be a very poor reflection against last year's second half £43m.

While the aerospace side provides a constant prop, there will be a *strong* adverse effect from the Industriel action taken et BL, Ford and Jaguar in the autumn.

Secandly, the company has been finding it difficult to compete in Europaan markets ln the automotiva electronics sector, reinforcing lts weaknesses in marketing and production.

And thirdly, a surplus of capacity *is hitting* the wholesaling side of the business.

Overall, the company is still terribly exposed to the UK market. Best guesses pnt the interim profits at up to *£10m*, against £3.5m, with a recovery in the second half.

Exco

Volatile international money markets are expected to lead to more than doubled pre-tax profits *of about £78m* when Exco International reports its results for the year ended December *1984* on Monday.

Exco mede £32.5m in 1983 though the *comparison* is distorted by the inclusion of Telerate, the 52 per cent owned information services group, as a subsidiary in Exco's accounts for lts first full year in 1984.

Telerate is expected to chip in just over £50m in 1984 while Exco's money *broking* business also performed strongly.

With the bulk of Exco's business denominated in dollars the results will receive an additional *boost* from the recent strength of tha U.S. currency.

The Gartmore international fund management business did well while W. L. Carr Sons and Company (Overseas), Exco's Hong Kong stockbroking arm, benefited from active Far East markets.

Telerate continues to grow so rapidly *that* the remaining Exco businesses are hard pushed to keep np. But Telerate's *earnings* are of high quality and the City does not appear to be worried.

Other major companies reporting during the week, probably the most crowded *for some years*, include **Freemans** on Monday, **Delta**, **Reckitt and Croda** on Tuesday, **Babcock** and **Coats Patons** on Wednesday, **Ladbroke** on Thursday, and **Ibstock** on Friday.

Contributors:
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Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Amari	Thursday	—	1.0	—
Amcliffe Holdings	Friday	1.12	1.54	—
Babcock International	Wednesday	3.09091	3.90909	3.7
BAT Industries	Wednesday	3.375	4.875	4.05
Bemrose Corporation	Tuesday	4.4	6.6	4.4
Berkeley Exploration and Production	Tuesday	—	—	—
Biomechanics International	Wednesday	—	—	—
Booker McConnell	*Tuesday*	1.65	2.85	2.75
Brent Chemicals International	Tuesday	0.8	2.2	0.75
Britannia Arrow Holdings	Wednesday	1.0	1.2	1.1
Britannic Assurance	Wednesday	5.79	15.01	6.5
British Aerospace	Tuesday	3.5	5.6	5.25
Brown Boveri Kent	Thursday	1.0	1.5	1.0
Canning, W.	Tuesday	0.5	2.0	1.1
Carpets International	Wednesday	—	—	—
Central Independent Television	Thursday	—	6.5	2.5
Charterhouse Petroleum	Thursday	0.25	0.5	0.25
Clyde Petroleum	Monday	—	0.9075	—
Coats Patons	Wednesday	1.5	3.2	1.65
Croda International	Tuesday	3.0	4.0	3.0
Delta Group	Tuesday	1.82	1.93	1.82
Desoutter Brothers (Holdings)	Thursday	2.16	3.44	2.16
ORG	Wednesday	3.0	3.5	3.0
Oulay Altumatic	Tuesday	1.0	1.8	1.0
Early's of Witney	Friday	0.316	1.0	0.316
East Rand Consolidated	Tuesday	—	1.15	—
Enterprise Oil	Tuesday	—	3.0	—
Equity and Law Life Assurance Society	Tuesday	5.0	17.6	1.0
Estates and General Investments	Thursday	0.7	1.4	0.75
Exco International	Monday	3.5	4.0	4.25
Freemans	Monday	1.9	2.6	2.0
Friedland Doggart Group	Thursday	2.27	4.0	2.8
Geo/Rosen Organisation	Wednesday	—	—	0.5
Gibbs and Dandy	Wednesday	—	1.4	—
Grampian Holdings	Thursday	1.5	3.0	1.5
Hall Engineering (Holdings)	Monday	3.41	4.2	3.41
HB Electronic Components	Tuesday	0.5	1.0	—
Henriques, Arthur	Thursday	0.5	—	—
Hickson International	Monday	2.0	2.5	4.0
Home Charm Group	Tuesday	0.75	1.25	1.0
Home Counties Newspapers	Friday	1.75	3.25	2.25
Ibstock Johnson	Friday	1.75	3.75	2.5
Iceland Frozen Food Holdings	Tuesday	—	—	—
IMI	Tuesday	1.5	2.5	2.0
Jacobs, John I.	Thursday	1.0	1.3	1.2
Jantar	Wednesday	—	0.5	—
Johnson Group Cleaners	Tuesday	3.0	9.42	3.18
Joseph, Leopold Sterling Fund	Wednesday	—	—	—
Kode International	Thursday	2.6	6.0	3.5
Ladbroke Group	*Thursday*	4.07	4.945	4.477
Legal and General Group	Thursday	6.0	12.5	7.5
Lorin Electronics	Monday	—	1.0	0.5
Manders (Holdings)	*Thursday*	2.0	5.0	2.0
Matthews, Bernard	Thursday	2.5	4.0	2.5
Mallerware International	Monday	0.84	1.68	1.0
Metal Closures Group	*Wednesday*	2.2	4.1	2.2
Monument Oil and Gas	Wednesday	—	—	—
Ocean Transport and Trading	Wednesday	2.15	2.35	2.15
Platignum	Monday	—	—	—
Prudential Corporation	Wednesday	5.5	13.5	7.5
Reckitt and Colman	Tuesday	4.55	7.85	5.5
Robinson, Thomas and Son	Thursday	0.5	2.0	—
Rotaflex	Tuesday	0.9	2.3	1.2
Roterk	Wednesday	1.75	2.1	2.1
Scottish Heritable Trust	*Friday*	*1.0*	1.1	1.1
Silkdons Lubricants	Thursday	2.5	5.5	3.0
Smith and Nephew Assocd. Companies	Tuesday	1.16667	2.58333	1.4
Sovereign Oil and Gas	Wednesday	—	—	—
Standard Chartered Bank	Tuesday	9.5	18.5	9.5
Steetley	Monday	4.0	7.0	4.5
Superdrug Stores	Thursday	1.4	2.1	1.7
Supra Group	Wednesday	0.75	1.15	0.8
Tharsis	Wednesday	2.0	4.0	2.0
Trade Indemnity	Tuesday	4.7775	2.365	5.13581
Tricentrol	Thursday	2.8	7.2	4.0
United Newspapers	Thursday	5.0	8.0	5.5
Vectis Stone Group	Thursday	1.4	0.5	0.9
VG Instruments	Wednesday	—	—	0.5
Westwood Dawes	Monday	—	—	—
Woolworth Holdings	Thursday	2.0	6.0	3.5
INTERIM DIVIDENDS				
Anvil Petroleum	Monday	—	—	
Attwoods	Thursday	1.0	2.5	
Baltic	Monday	—	—	
Beazer, C. H.	Tuesday	3.5	7.0	
Bell, Arthur and Sons	Tuesday	1.4	3.4	
Bermuda International Bond Fund	Friday†	30.0	30.0	
Blue Bird Confectionery Holdings	Wednesday	1.523	3.439	
British Car Auction Group	Thursday	1.1	1.8	
Bryant Holdings	Wednesday	1.0	2.0	
Burgess Products (Holdings)	Tuesday	0.5	—	
Burton Group	Wednesday	2.0	4.5	
Charterhall	Wednesday	—	0.6	
City of Aberdeen Land Association	Tuesday	3.86364	11.13636	
Gabicci	Monday	—	—	
Halstead, James Group	Tuesday	1.25	2.25	
Lucas Industries	*Thursday*	2.6	6.0	
LWT (Holdings)	Thursday	0.86138	1.53862	
Mansen Finance Trust	Tuesday	0.5	0.5	
Mineral and Resources Corpn.	Tuesday†	6.0	16.0	
Murray Electronics	Monday	—	0.15	
Murray Ventures	Tuesday	1.05	3.0	
Pearce, C. H.	Thursday	1.5	4.75	
Precious Metals Trust	Tuesday	—	0.55	
Pressac Holdings	Tuesday	0.7	1.5	
Ricardo Consulting Engineers	Tuesday	0.875	1.625	
Staffordshire Potteries (Holdings)	Thursday	—	2.0	
Town Centre Securities	Friday	—	0.90909	
TSW—Television South West Holdings	Monday	0.5	1.0	

* Dividends are shown net pence per share and are adjusted for any intervening scrip issue. † Cents per share.

UK COMPANIES

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and deals

The independent directors of Initial have now agreed to revised bid terms from British Electric Traction. BET's latest profits and dividend forecast helped clinch the deal.

Scottish and Newcastle Breweries mounted a £88m bid for Matthew Brown, but Brown immediately rejected the offer and expressed its strong determination to remain independent. S & N has built a 4.9 per cent stake in Brown, but failed to gain more shares when it launched a "dawn raid" at just under 385p last Monday.

Britoil has acquired a group of U.S. gas and oil producing territories along with some exploration acreage from Freeport McMoran, an oil and gas minerals group, for £64.7m.

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated.					
Banro Inds	78‡	90	66	4.30	CII Industries
Bonusbond	29§	28	23	1.01	Promotions Hse
Booker McConnell	269§ §§	255	259	336.16	Dee Corp
Butterfield-Hrvy¶	27*§	26½	32½	3.21	Technology Inc
Brown (Matthew)	368	415	323	83.09	Scot & Newcastle
Dunlop	24	65½	31	34.52	BTR
E of Scot Onshre¶	¶¶	90	66	¶¶	Ind Fin & Inv Co
Elson & Robbins	96½§§	84	68	9.55	Hartons Group
Foster Bros	223§	206	228	104.43	Sears Hldgs
Haden	240*	302	232	37.18	Trafalgar House
Hoskins & Horton	329§ §§	343	270	8.93	Lon & Mid Inds
House of Fraser	400*§	396	346	430.92	Al Fayed Inv & Trust (UK)
Hurst (Charles)	200*§	190	190	4.32	Garvagh Secs
Imed Business Sys	40*	40	40	5.40	Wcslaborator Intl
Ingall	80*	88	73	7.30	Gt Midland Co-op
Initial	541§ §§	524	533	171.76	BET
Jackson J. & H. B.	109½	116	84	25.98	Williams Hldgs
Lake & Elliot	80†	81	65½	7.85	Sotcr
Manor National	13½§§	12½	13	2.35	Bramall (C. D.)
Martin (R. P.)	450*	440	420	43.65	Quadrex
Pauls	381§	363	253	113.38	Harrsns & Crsfld
Petrolex	75*	75	50	11.71	Clyde Petroleum
Routledge & Kegan Paul	403§§	390	283	4.59	Assoc Book
Seccombe, Mrshll	440*	435	320	7.04	Citicorp
String Guarantee	70	70	325††	250.25	P & O
Thames Inv & Sec	5*	‡‡	‡‡	0.20	Weber Hldgs
Thms Inv & Sec Pf	5*	‡‡	‡‡	0.03	Weber Hldgs
TMG Group	125†§	115	75	1.87	Smurfit (J.)
Tootal	70*	72	63	124.03	Entrad Corp
Trident TV Ord¶	249§	252	209	3.64	Pleasurama
Trident TV 'A'¶	237½§	252	209	110.24	Pleasurama
Unibond	231	225	155††	13.58	Beecham
Whittington¶	30§ §§	29	22	13.82	Aitken Hume

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on March 22 1985. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. |||| Loan stock. ‡‡ Suspended.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Auto Products	Dec	3,900	(4,000)	3.7	(4.2)	1.5	(1.0)
Bestwood	Dec	234	(279)	10.0	(12.4)	6.0	(7.5)
BICC	Dec	90,300	(82,000)	19.2	(17.8)	10.54	(10.54)
Boddingtons	Dec	9,460	(9,100)	7.0	(6.9)	2.85	(2.64)
Bowater Ind	Dec	35,700	(27,600)	24.6	(24.7)	8.5	(7.75)
Britoil	Dec	688,100	(586,200)	33.8	(28.7)	11.5	(10.0)
Camb Elect	Dec	11,870	(9,720)	21.0	(17.0)	7.0	(6.0)
Church & Co	Dec	4,720	(2,800)	62.1	(33.9)	15.0	(11.0)
Cornhill Ins	Dec	14,100	(13,800)	—	(—)	—	(—)
Fife Indmar	Dec	751	(703)	—	(—)	7.0	(6.6)
Gratton	Jan	9,650	(6,140)	20.2	(7.1)	3.0	(1.0)
Hawtal Whiting	Jan	2,110	(442)	20.6	(3.3)	1.5	(—)
Hewitt, J.	Dec	541	(1,030)	—	(—)	2.4	(3.6)
Horizon Travel	Nov	12,520	(12,570)	19.5	(28.3)	4.4	(4.0)
House of Lerose	Dec	727	(1,730)	18.1	(10.8)	8.0	(8.0)
Howard, John	Dec	1,540	(1,450)	12.7	(—)	1.5	(—)
IoM Enterprises	Oct	91	(118)	—	(—)	—	(—)
Jaguar	Dec	91,500	(50,000)	31.7	(27.5)	4.75	(—)
Jones & Shipman	Dec	1,070	(750)L	8.6	(—)	2.75	(1.0)
KCA Drilling	Dec	2,520	(6,720)	—	(—)	3.0	(2.0)
Memec	Dec	4,510	(2,810)	10.9	(6.7)	2.4	(1.96)
Kennedy Brook	Oct	2,260	(1,100)	20.4	(15.5)	1.4	(1.12)
Laing Prop	Dec	13,200	(11,100)	22.2	(12.1)	6.25	(5.5)
Mac Glenlivet	Dec	745	(671)	—	(—)	2.9	(2.63)
Mackay, Hugh	Dec	659	(361)	102.4	(92.8)	4.6	(4.0)
McLaugh & Harv	Dec	1,470	(1,670)	21.5	(32.9)	7.0	(7.0)
Mersey Docks	Dec	807	(7,500)	—	(—)	—	(—)
Metalrax	Dec	3,060	(2,040)	6.4	(4.6)	2.27	(2.06)
Morgan Grenfell	Dec†	20,410	(16,480)	315.0	(242.0)	8.5	(6.6)
Mrrs. W Fine Arts	Dec	755	(—)	—	(—)	—	(—)
Newey	Dec	1,350	(1,020)	49.2	(36.0)	—	(—)
Oliver, George	Dec	2,690	(2,580)	33.6	(36.5)	8.0	(7.0)
Petranol	Dec	745	(671)	—	(—)	2.9	(2.63)
Petrocon	Dec	1,830	(704)	—	(—)	5.25	(3.75)
Pittard	Dec	2,210	(1,210)	24.0	(11.9)	5.5	(4.5)
Pleasurama	Dec‡	25,250	(17,100)	—	(—)	11.5	(6.5)
Rentokil	Dec	24,750	(20,625)	—	(—)	2.13	(1.85)
Rob Bros (Ryder)	Dec	121L	(890)	—	(—)	5.0	(9.0)
Rockware	Dec	2,740	(12,830)L	7.7	(—)	—	(—)
Sale Tilney	Nov	3,100	(2,150)	—	(—)	14.5	(10.5)
Suter	Dec	4,140	(2,180)	—	(—)	3.5	(2.5)
Sys Des Intl	Dec	2,940	(2,100)	12.6	(9.8)	1.7	(1.2)
Trinity Intl	Dec	6,550	(5,210)	34.9	(22.6)	14.0	(12.2)
Wates City Prop	Dec	1,460	(—)	—	(—)	0.53	(—)
Watmoughs Hldgs	Dec	2,300	(2,100)	21.9	(21.0)	6.25	(5.21)
Wilkes, James	Dec	770	(132)	—	(—)	6.0	(4.31)
Willis Faber	Dec	47,000	(38,300)	29.2	(23.6)	13.0	(10.5)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
A & G Sec Elect	Jan	405	(457)	0.48	(0.48)
Armstrong Equip	Dec	1,510	(1,050)	0.3	(0.2)
Barratt Dev	Dec	4,070	(19,070)	2.31	(2.31)
Bolton Text Mills	Oct	98	(158)	—	(—)
Chmbrs & Fargus	Dec	69L	(60)	—	(0.5)
Coin Ind	Dec	248	(230)	1.1	(1.1)
CPU Computer	Dec	100	(806)	—	(—)
Dunton Group	Nov	78	(47)	—	(—)
Gent, S. R.	Dec	901	(2,150)	1.0	(1.0)
Grosvenor Grp	Dec	449	(362)	2.25	(2.25)
HTV	Jan	3,930	(4,118)	2.5	(2.5)
Maunders, John	Dec	936	(710)	2.25	(2.0)
Mitchell Cotts	Dec	4,230	(3,450)	1.5	(1.5)
Pac Sales Org	Dec	333	(455)	—	(—)
Paterson Zach	Nov	17,520	(14,230)	1.55	(1.45)
Pifco Hldgs	Oct	478	(501)	1.76	(1.76)
Prestwich Hldgs	Dec	424	(128)	0.35	(—)
Renishaw	Dec	1,920	(1,120)	0.6	(0.5)
Sirdar	Jan	4,830	(4,570)	1.32	(1.25)
Star Comp	Oct	393L	(320)	—	(—)
VW Thermax	Dec	412	(903)	—	(2.0)
Waring & Gillow	Sept	408L	(133)	0.75	(0.75)

(Figures in parentheses are for the corresponding period.)
* Dividends are shown net pence per share except where otherwise indicated. † Profits after tax. ‡ For 15 months. L Loss.

Rights Issues

BBA Industries—To raise £8.1m through a one for four rights issue at 60p per share.
Cape Industries—To raise £9.5m through a rights issue on basis of one 8.4 per cent £1 convertible preference share for every three ordinary shares held.
Jackson Exploration—To raise £20.65m through a three for five rights issue at 70p per share.
Mitchell Cotts—To raise £12.5m through a one for four rights issue, or 38.75 new shares for every £100 of stock held. Price is 66p per share.
Watmoughs Holdings—To raise £5.19m through a one for four rights issue at 240p per share.

Scrip Issues

Fife Indmar—One for one.
Pleasurama—One for one.
Systems Designers International—Four for one.
Wilkes, James—One for four.

Offers for sale, placings and introductions

New London Oil—Offer for sale of 6.5m shares at 175p per share.
Plantation Trust Company—Offer for sale of 1.4m units at £7.25 to raise £9.7m after expenses. One unit equals five ordinary shares, one warrant to buy an ordinary share and £2.50 of convertible stock.
Sintrom—Offer for sale by tender of 2.4m shares at 175p per share.

INTERNATIONAL COMPANIES and FINANCE

BHP registers 17% gain in third-quarter profits

BY MICHAEL THOMPSON-NOEL IN SYDNEY

THE FINALE to a record week for Australian stock markets was provided yesterday by Broken Hill Proprietary (BHP), the country's largest company, which announced a one-for-eight scrip issue on the strength of a 17 per cent lift in third-quarter net profit, to A$194.6m (US$136.2m).

BHP's net profit for the nine months to February 28 was A$547.6m, up 21.4 per cent on the same period last year. Third-quarter sales were 24.1 per cent ahead at A$1.5bn for a nine-month total of A$5bn, a 31.7 per cent advance.

The stock market, already buoyed by strong demand for resource stocks—particularly in oil and gas—celebrated BHP's performance by pushing the All Ordinaries index 8.5 points higher to a peak 810.8.

Oil and gas stocks are in good demand because of Middle East tension and the recent sharp depreciation of the Australian dollar against its U.S. counterpart.

BHP's petroleum division showed a third-quarter net profit of A$117.3m (up from A$107.1m) for a nine-month total of A$340.9m (A$293.8m). Steel recovered further from A$26.7m to A$32.9m in the latest quarter while the Utah coal division, acquired from General Electric a year ago, made maiden net contribution of A$35.7m.

The May 1985 half-yearly dividend will be 15 cents per share, against a comparative rate of 12.5 cents last November, and 11.5 cents last May.

The payout for the 1985 year—BHP's 100th—will total about A$262m, up 77 per cent. The bonus issue shares will qualify for the forthcoming dividend.

BHP said its currency exposure had changed markedly during the past year. Its foreign currency borrowings, which are substantial, were now balanced by overseas assets denominated in foreign currencies, mainly U.S. dollars. The group's accounting policy for foreign currency transactions has accordingly been modified.

With the bulk of its revenues expressed in U.S. dollars, and costs in Australian dollars, BHP has been a major beneficiary from the recent depreciation of the local currency. Over the next 12 months, BHP is expected to survey a range of further U.S. investment choices in minerals, oil and gas, and in steaming coal which is viewed as the favoured candidate.

BHP is expected to make a decision to proceed with development of the ultra low-cost Escondida copper mine in Chile later this year, with production expected to begin early in 1987, eventually building to an annual output of 300,000 tonnes.

NZ timber group bids for ACI offshoot

By Our Financial Staff

CARTER HOLT, a New Zealand sawmiller and pulp group, yesterday launched a NZ$551m (US$253.7m) bid for Alex Harvey Industries, a packaging and building products producer which in January fought off an attempt by ACI International, its Australian parent, to take full control.

The value of the new bid—among the largest the New Zealand market has seen—compares with the NZ$453m price put on the whole of the company by the November offer by ACI for the 44.4 per cent which lies outside its control.

That offer, fiercely resisted by Harvey, was eventually withdrawn after the New Zealand Finance Minister refused clearance.

Harvey's initial reaction yesterday was a little more positive, advising shareholders not to sell until it decides next week which way its recommendation should go.

Carter Holt said its bid was directed particularly at the minority public holding but did not exclude ACI's 55.6 per cent. It is offering NZ$3.65 cash or one of its own shares plus 45 cents for each Harvey share. Harvey shares jumped 25 cents on the news to NZ$3.50 while those of Carter Holt dipped 10 cents to NZ$3.15.

In its year to March 1984, Harvey boosted net profit, before extraordinary items, by 36.6 per cent to NZ$38.04m.

Strong U.S. dollar limits sales growth at Seagram

BY BERNARD SIMON IN TORONTO

SEAGRAM, the Canadian-based wine and spirits group, lifted earnings to US$383.6m, or US$4.22 a share, in the year to January 31, from $317.5m, or $3.53 a share, a year earlier. The earnings include $141.3m in dividends and $141.4m in unremitted income from the U.S. chemicals group E. I. Du Pont in which Seagram has a 21 per cent interest.

Sales rose by 7 per cent to $2.8bn, and operating income was 6 per cent higher at $245.6m. The company said that sales volumes climbed in U.S. and international markets, but the strong U.S. dollar eroded the value of international gains. Income from wine and spirits declined from $119.4m to $113.8m.

Net earnings were also dented by a rise in interest charges from $67.9m to $88.0m, reflecting the cost of financing recent acquisitions.

Members of the Bronfman family, based mainly in Montreal and New York, hold about 41 per cent of Seagram's shares. Seagram's directors have proposed creating a new class of share designed to raise the Bronfman family's voting power to more than 50 per cent. The new shares, to be called class B shares, will each have 10 votes, but will be entitled to lower dividends than the single-vote common shares.

Fiat income boost for IFI

IFI, the Turin-based holding company which handles the Agnelli family's stake in Fiat and other companies, recorded net profits of L34.5bn in the six months to December of last year. The comparable figure for the same period in 1983 was L24bn and the total 12-month profit to last June was L24.6bn, writes Alan Friedman in Milan.

IFI said it derives most of its income from the payment of dividends from Fiat, which takes place in July and thus explains why the July-December half-year is the period which is relevant. Of the L34.5bn of profits to December 31, some L22bn represented Fiat dividends.

IFI's stake in Fiat has risen to 31.3 per cent from 30 per cent a year ago. Other major Agnelli family holdings through IFI include 51.4 per cent of the Toro insurance group and 48.7 per cent of the Rinascente department stores group.

IFI's total portfolio of holdings at year-end was L558.4bn against L501.3bn. Total net debt was L45bn.

FFr 501m deficit at Banque Worms

BY DAVID MARSH IN PARIS

BANQUE WORMS, the third largest French investment bank, registered a net loss of FFr 501m ($51m) last year, against a net profit of FFr 12m in 1983, as a result of FFr 727m in provisions to clean up its balance sheet.

The bank, which was nationalised in 1982 came under the control of the state-owned insurance group Union des Assurances de Paris (UAP) last autumn.

It has now become the latest in a series of banks taken over by the state to have to turn to the government for important financial aid to restore the health of their balance sheets. The others include Banque Vernes, Europenne de Banque (the ex-Rothschild bank), Banque de L'Union Europeene and Credit du Nord.

The cleaning up exercise has been undertaken by M Jean-Michel Bloch-Laine, Banque Worms' new chairman, who took over last June.

A large share of the massive provisions — which compares with a gross figure of FFr1bn for total receipts last year — were struck on credits to Latin America, especially for private property-related loans. They also reflected risks in France and loans to industrial borrowers, above all the oil services group Amrep which went bankrupt last year and to which the bank was significantly exposed.

The bank is now starting to make a fresh start based on its alliance with UAP, which is planned to lead to a range of new financial products. The bank, which now has own capital funds of just over FFr 1bn and a balance sheet total of FFr 50bn, plans to open three foreign offices this year — in New York, Hong Kong and Singapore.

$1.3bn buyout for McGraw Edison

By Our Financial Staff

McGRAW-EDISON, the Illinois-based manufacturer of electrical and mechanical equipment, has agreed to be taken over by Forstmann Little, the U.S. leveraged buyout specialists, in a $1.3bn deal.

Forstmann Little which is structuring the deal as a management buyout for the power systems, motors and automotive concern, is paying $59 in cash for each of the company's 16.6m shares. However, the purchasers are also assuming or refinancing debt, bringing the total value of the deal to $1.3bn.

McGraw-Edison's shares were suspended at start of trading yesterday at $44½, at which price the offer represents a 32 per cent premium. Mr Nicholas Heymann, an analyst with Drexel Burnham Lambert, said there had been recent speculation that the company could go private in a management buyout at about $50 a share.

Forstmann Little, a private investment firm, said it would invest about $300m of its capital in the transaction. The balance of the purchase price would come from bank loans.

McGraw-Edison's senior managers will be offered an equity participation in the acquiring company. Consummation of the transaction is subject to a definitive merger agreement and completion of bank financing, and the fulfilment of other customary conditions.

McGraw-Edison made net profits of $31.7m in 1983 on sales of $2.1bn. Earnings per share were $1.92, and were share last year, excluding 55 cents a share from the discontinued process equipment segment.

Sandoz again increases its payout

By Our Financial Staff

SANDOZ, the Swiss pharmaceuticals and dyes group with a big dollar sales base, reports strong profit gains for 1984 and plans to raise its dividend for the second year running.

After tax, profits have risen to SwFr 411m ($151m) from the SwFr 320m of 1983. The year's turnover improved by 14 per cent to SwFr 7.43bn. North American sales account for around a third of the group total.

The dividend payment is being raised to SwFr 90 a share from the SwFr 80 paid for 1983.

All product divisions contributed to the higher sales with the agri-products side moving especially smoothly—up by 26 per cent to SwFr 580m on the back of the strong dollar and a revival in U.S. demand.

The fast expanding food division turned in the sharpest sales growth, more than doubling turnover with the aid of acquisitions. Pharmaceutical sales rose by 14 per cent to SwFr 3.45bn.

Group capital spending in 1984 totalled SwFr 304m, and R and D costs are put at SwFr 634m. Both figures are ahead of their 1983 counterparts.

Paribas pulls out of HK financial group

BY DAVID DODWELL IN HONG KONG

PARIBAS, the French investment banking group, yesterday sold its 25.5 per cent holding in Sun Hung Kai of Hong Kong to Mr Fung King Hey for HK$227m ($29m).

The sale brings to an end a seven-year link between Paribas and the Hong Kong-based merchant banking, trading and securities group. Since a HK$200m rescue of SHK in October 1983, Paribas and Merrill Lynch of the U.S. have held a 51 per cent controlling stake in the group.

Merrill Lynch said yesterday that it intended to retain its 25.5 per cent holding "as a long term investment." However, the Paribas sale restores control of SHK to Mr Fung, who is the group's founder and still chairman. The 1983 rescue dilutes his shareholding to 28 per cent. Yesterday's deal restored it to 53.5 per cent.

The deal comes after major reorganisation of SHK. At the beginning of March, it sold its 20 per cent holding in HK-TVB, one of Hong Kong's two leading television companies, for HK$480m. Early this week, the retail banking subsidiary was sold to the Bahrein-based Arab Banking Corporation for HK$360m.

M Philippe Aubert, managing director of Paribas Asia, insisted that the disposal implied neither a withdrawal from Asia, nor disenchantment with its role inside SHK.

Paribas' expansion in the region has involved the recent purchase of a 15 per cent stake in the Australian Bank, setting up a joint venture in Thailand, opening a fourth mainland Chinese representative office (in Tienjin), and two joint ventures with the Bank of China.

It has been active in Asia's capital markets, where it has recently broken new ground with interest rate swops arranged for Daewoo of South Korea and Security Pacific in Hong Kong.

M Aubert talked yesterday of increasing the group's capital base "very soon." This, with the proceeds of the SHK sale, will be spent on further expansion in the Asian region.

Mr Bill Arthur, transferred recently from Merrill Lynch to be managing director of SHK, refused to comment yesterday on whether Mr Fung's recovery of control would lead to any management changes.

Mr Fung is acquiring the Paribas stake through a controlled company called Heeyun and is extending a general offer to outside shareholders. Merrill Lynch is not taking up the offer.

If a substantial number of shareholders take up the offer, Mr Fung will arrange a share placement to ensure the group maintains its stock market listing.

Bond joins Arnotts battle with A$405m cash offer

BY OUR SYDNEY CORRESPONDENT

MR ALAN BOND'S Bond Corporation of Perth yesterday unvelled an A$405m (U.S.$284m) offer for Arnotts, Australia's leading biscuit maker.

Bond's intervention complicates still further the complex struggle for control of Arnotts and of another Australian food group, Allied Mills.

Shareholders in Arnotts include Allied with 19.9 per cent, Campbell Soup of the U.S., revealed yesterday as the holder of 10 per cent, but keen to go to 25.1 per cent; Bond itself with 3 per cent; and family interests which hold about 40 per cent).

Those with holdings in Allied include Arnotts, which has 22 per cent; Industrial Equity (IEL) on 19.9 per cent; Goodman's of New Zealand with 14.7 per cent; and Westpac Banking Corporation with 7 per cent.

Our Financial Staff adds: The Arnotts bid is being made on a cum bonus and dividend basis, allowing Bond to retain the shares due to be issued in the biscuit maker's proposed one-for-five scrip as well as its 7 cents a share interim payout.

Arnotts moved swiftly yesterday in preparing its defence, more than doubling the Campbell stake to 10 per cent by placing 5.6m shares with the U.S. company at A$4 each. Campbell is to seek approval from Australia's Foreign Investment Review Board to boost its holding further.

Arnotts, which has interests extending to pet foods and snack products, said the placement was an integral part of technology exchange and marketing arrangements between the two.

Bond later moved to challenge the placing, saying its directors "have determined that they will seek to test the validity of such a preferential allotment made by Arnotts to Campbell today and its timing."

Thyssen resumes dividend

BY PETER BRUCE IN BONN

THYSSEN, the West German industrial concern, and the country's biggest steel producer, is to resume paying dividends this year. Herr Dieter Spethmann, Thyssen's chairman, told shareholders yesterday the group would also be making a capital increase "as soon as possible."

The timing and the size of the planned capital increase remain unknown, and Herr Spethmann did not hint at the size of this year's dividend. Thyssen last paid a dividend in 1981-82, despite a return to a net DM 181m ($56.4m) profit last year.

Confirming what he portrayed as a return to normality, Herr Spethmann said the group's first half results for 1984-85 were "notably" better than the first six months of last year. Turnover at Thyssen Stahl was up 11 per cent. All divisions—steel, special steel, engineering and trading—were in the black so far.

Calling for a further increase in European steel prices Herr Spethmann also warned that failure by the EEC producers to discontinue their dependence on state subsidies from the beginning of next year could endanger the private sector German producers.

SAVINGS OFFERS

WALL STREET

Slightly up on money figures

STOCK PRICES were slightly higher on Wall Street yesterday, when Stock Markets reacted to the decline reported Thursday in the U.S. M-1 money supply figure.

By midday the Dow Jones Industrial Average was up 2.32 at 1,270.54, making a rise of 23.19 on the week, while the NYSE All Common index, at $103.94, rose 9 cents on the day and $1.48 on the week. Gains led losses by a four-to-three majority in a volume of 62.67m shares.

"There is no trend here at all," said John Smith of Fahnstock and Co. "It's up to the Institutions to make a move but all of them are on the sidelines."

Thursday, M-1 money supply for the March 11 week came in lower than expected. February Durable Goods orders were reported yesterday at an expected 0.2 per cent decline and Consumer prices increased an adjusted 0.3 per cent last month.

"The problem is that Institutions have become traders, not investors, due to a tremendous lack of confidence and conviction," Smith added.

McGraw Edison moved ahead $9¼ to $54 — it approved an Agreement to be acquired in a management buyout for $1.3bn.

J. M. Tull advanced $2⅝ to $22⅝ — it is subject of a $23 a share tender from Jorgensen Co, following news of an agreement to be bought by Bethlehem Steel for $22 a share.

ITT were up $1⅞ at $35⅞ amid continuing strong market speculation of an impending takeover, or merger plan.

Northeast Utilities were off $¼ at $14¾ — it said it plans to report a write-off in the current year.

Pepsico firmed $¼ to $52, analysts said renewed buyout speculation was unfounded.

Texas ... lost $¼ to $16¾ — ... for the fiscal second quarter and full year were reported below analysts' earlier expectations, the company said.

Dow Chemical, improved $⅛ to $29 — it is repurchasing some of its own stock.

Capital Cities jumped $5¼ to $215 on a merger plan with ABC, which were up $¼ at $106¼.

CBS were lifted $2⅞ to $106 — investor Ivan Boesky told Reuters he had no comment on published reports that he holds seven to eight per cent of CBS.

THE AMERICAN SE Market Value index gained 0.18 to 225.07, making a rise of 1.64 on the week. Trading volume 5.25m shares.

Closing prices for North America were not available for this edition.

CANADA

Stock prices were firm at mid-session.

The Toronto Composite Index was ahead 6.77 at 2,608.0, Metals and Minerals 9.0 at 2,065.4, Golds 58.2 at 3,477.4 and Oil and Gas 20.6 at 3,244.4.

Oshawa Group "A" held unchanged $24⅜, despite a 2 cents increase in the quarterly dividend and rise in fourth quarter profit to 96 cents (88 cents) a share.

TOKYO

A firm opening sent the market average to a record high in early trading, but afternoon selling of Financials and International populars dragged it down. A last minute recovery, however, on renewed confidence in the U.S. economy helped it close barely higher on balance.

The Nikkei Dow Average finished up 1.23 at a closing high of 12,542.60 after hitting an all-time high of 12,574.76. On Wednesday the average rose 63.38 to the previous record closing high of 12,541.37.

Turnover 300m (450m) shares.

The broader based SE Index rose 1.31 to 1,006.96. Volume 12.5m (14.5m) shares.

Non Ferrous Metals, Minings, Oils and Utilities advanced throughout the day on the yen's strength against the dollar and the recent jump in gold prices.

International populars opened firm on Wall Street's gains, but late morning selling extended into the afternoon, and all but Heavy Electricals eased.

Large ... shares such as land-owning Real Estates and Trading Houses drew buyers after a long quiet spell as the fluctuating dollar drove investors in the security of stable, tangible asset-holders.

Financials, which exert a strong effect on the market average, led the recent rally, but their decline yesterday drew the market average down in the early afternoon.

Non-Life Insurances and Securities Houses were again sold. But some regional Banks firmed.

Late afternoon buying of Biotechnology-related shares and favoured Drugs revived the average at the end of the day.

GERMANY

Equity prices retreated from the previous session's record highs in light trading, consolidating at slightly lower levels.

The Commerzbank index shed 6.9 to 1,222.4.

A few issues closed with gains, but foreign investors, whose purchases have provided much of the motive force behind the market's surge, were light sellers on the day. The weaker tone was also heightened by the approaching weekend.

Motors felt the absence of foreign buying most keenly. Porsche plunged DM 39 to 1,260xd, while Daimler-Benz declined DM 8.50 to 687.

Chemicals suffered from profit-taking. BASF came back DM 3.90 to 206.10 despite Thursday's news of a 50.2 per cent pre-tax profit rise for the group in 1984.

In Steels Thyssen rose DM 0.70 to 105.10—it will resume a dividend for 1984-85, after two years' omission, and is also planning a capital increase.

Siemens traded as high as DM 548 before closing DM 4.8 off at 542xd.

Leading Electricals, Chemicals, Machine Makers and Retailing stocks were mostly lower, while Steels were mixed and Bankings and Utilities mostly higher.

AUSTRALIA

Share markets closed firmer in active trading as investors ignored a continued slide in bullion prices.

The All Ordinaries index was up 8.5 at 810.8, the All Industrials 6.0 at 1,174.2, the All Resources 9.9 at 529.3 and Oil and Gas 14.1 at 585.1. National turnover 64.84m (48.46m) shares. Rises outnumbered falls by more than a two-to-one majority.

Brokers said Gold and Mining stocks were in demand despite gold's falling price with investors speculating levels would improve in New York yesterday and in Hong Kong today.

Oil and Gas stocks were also well supported following recommendations from some brokers that the sector was oversold.

Among Industrials, Bond Corp announced a A$4.20 a share conditional offer for Arnotts, which rose 5 cents to A$4.20.

ANI put on 12 cents to A$2.89 on its 17 per cent profit improvement, increased dividend and one-for-five bonus.

News Corp lost 5 cents to A$13.60 on its A$230m outlay for a half share in 20th Century Fox.

HONG KONG

Higher in active trading, as institutions and "small" investors moved into the market.

A strong opening led to institutional chart buying, sending the Hang Seng index up nearly 16 points by the end of the morning. But a late round of profit-taking trimmed the gains and the index closed 12.96 up at 1,360.69. Turnover HK$258.60m (HK$220.72m).

Swire Pacific "A" rose 10 cents to HK$21.60—it is expected to report sharply higher 1984 earnings next week.

The suspension in trading of Sun Hung Kai, imposed on Tuesday, remained in effect as investors awaited an announcement on restructuring of the company.

SINGAPORE

Share prices continued to creep lower on scattered forced selling from weak shareholders. But volume was small.

The Straits Times Industrial index lost 1.76 to 826.17, while the All-Shares index slipped 0.92 to 292.93. Falls outnumbered rises 90-to-25. Volume 7.8m (7.6m).

Most bankings relinquished some small ground.

NEW YORK

CANADA

AUSTRIA

BELGIUM/LUXEMBOURG

DENMARK

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

SPAIN

SWEDEN

SWITZERLAND

AUSTRALIA

AUSTRALIA (continued)

HONG KONG

JAPAN

JAPAN (continued)

SINGAPORE

SOUTH AFRICA

Indices

NEW YORK

TORONTO

NEW YORK ACTIVE STOCKS

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended, xd Ex dividend, xc Ex scrip issue, xr Ex rights, xa Ex all.

** Saturday March 16: Japan Nikkei-Dow 12,487.4. TSE 998.65.

FOREIGN EXCHANGES

Pound eases

Sterling fell yesterday after profit taking brought it back from Thursday's highs, while the dollar improved marginally so slightly better than expected U.S. economic statistics. Sterling's exchange rate index closed at 75.5 down from 76.4, having opened at 76.3 and touching a low in the afternoon of 75.2. Against the dollar it closed at $1.1735, a fall of 1.45c. It was also lower against the D-mark at DM 3.7800 from DM 3.8150 and SwFr 3.1975 from SwFr 3.2250. Against the yen it slipped to Y299.25 from Y302.0 and FFr 11.54 from FFr 11.68.

The dollar was slightly improved after its recent sharp fall and traded in a relatively narrow range. It closed at DM 3.2260 from DM 3.2105 and Y255.55 from Y254.20. Against the Swiss franc it rose to SwFr 2.7275 from SwFr 2.7200 and FFr 9.86 compared with FFr 9.82. On Bank of England's figures, the dollar's index rose to 149.8 from 149.0.

New York Rates

	March 22	prev. close
£ Spot	$1.1770-1.1880	$1.1815-1835
1 month	0.50-0.47pm	0.61-0.50pm
3 months	1.19-1.14pm	1.22-1.19pm
12 months	1.40-1.25pm	1.60-1.40pm

Forward premiums and discounts apply to the U.S. dollar.

OTHER CURRENCIES

Mar. 22	£	$		£ Note Rates
Argentina Peso	372.60-372.80	316.40-318.70	Austria	26.65-26.25
Australia Dollar	1.5675-1.5715	1.4240-1.4260	Belgium	75.30-77.15
Brazil Cruzeiro	4,832-4,856	4,130-4,150	Denmark	13.50-13.60
Finland Markka	7.8040-7.8475	6.6650-6.6680	France	11.52-11.65
Greek Drachma	161.91-166.07	137.70-140.59	Germany	3.77-3.81
HongKong Dollar	9.1050-9.1260	7.7935-7.7975	Italy	2410-2455
Iran Rial	105.40*	96.40*	Japan	302-306
KuwaitDinar(KD)	[illegible]	[illegible]	Netherlands	4.24-4.29
Luxembourg Fr.	[illegible]	[illegible]	Norway	10.85-10.92
Malaysia Dollar	[illegible]	[illegible]	Portugal	206-220
New Zealand Dlr.	[illegible]	[illegible]	Spain	204½-215½
Saudi Arab. Riyal	[illegible]	[illegible]	Sweden	10.79-10.80
Singapore Dollar	[illegible]	[illegible]	Switzerland	3.18-3.20
Sth African Rand	[illegible]	[illegible]	United States	1.17-1.10
U.A.E. Dirham	[illegible]	[illegible]	Yugoslavia	270-311

* Selling rate.

EXCHANGE CROSS RATES

Mar. 22	Pound St'rling	U.S. Dollar	Deutschem'k	J'panese Yen	FrenchFranc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.174	3.780	299.3	11.64	3.198	4.270	2405.	1.611	75.05
U.S. Dollar	0.852	1.	3.226	255.6	2.860	2.728	3.640	2053.	1.376	64.80
Deutschemark	0.265	0.310	1.	79.17	3.054	0.846	1.136	636.1	0.406	20.51
Japanese Yen 1,000	3.343	3.921	12.63	1000.	38.56	10.69	14.27	8036.	5.383	253.8
French Franc 10	0.867	1.017	3.275	259.3	10.	2.771	4.700	2084.	1.396	65.51
Swiss Franc	0.313	0.367	1.182	93.50	3.609	1.	1.335	752.0	0.504	23.73
Dutch Guilder	0.234	0.275	0.883	70.08	2.703	0.749	1.	563.1	0.377	17.79
Italian Lira 1,000	0.416	0.488	1.572	124.3	4.799	1.330	1.776	1000.	0.670	31.58
Canadian Dollar	0.691	0.728	8.346	185.8	7.153	1.985	2.651	1483	1.	47.14
Belgian Franc 100	1.317	1.545	4.977	394.0	15.10	4.210	5.632	3166.	2.121	100.

STERLING EXCHANGE RATE INDEX

	March 22	Previous			
8.30 am	76.3	74.6	11.00 am	76.1	74.8
9.00 am	76.8	74.4	Noon	75.7	74.8
10.00 am	76.3	74.5	1.00 pm	75.7	74.8
			2.00 pm	75.2	75.3
			3.00 pm	75.6	76.1
			4.00 pm	75.5	76.4

POUND SPOT—FORWARD AGAINST POUND

March 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.1670-1.1940	1.1730-1.1740	0.51-0.48c pm	5.08	1.22-1.17 pm	4.07
Canada	1.6062-1.1885	1.6085-1.6130	0.47-0.35c pm	3.20	1.02-0.88 pm	2.36
Nethlnd.	4.26-4.32¼	4.26¾-4.27½	2½-2¼c pm	7.03	8¼-6¾ pm	3.32
Belgium	76.69-78.86	75.90-76.00	24-13c pm	3.40	56-47 pm	2.71
Denmark	13.46-13.72	13.61½-13.52½	3¼-1¾ore pm	2.27	8½-6½ pm	2.27
Ireland	1.2077-1.2300	1.2080-1.2140	5.10p pm-0.07dis	−5.15	.08pm-.37dis	−0.48
W. Ger.	3.77-3.83½	3.77½-3.78½	2¾-2½pf pm	8.33	7-6¾ pm	7.34
Portugal	207½-215½	209¼-214¼	140-510c dis	−18.40	485-1445dis	−16.21
Spain	209-212	209-210	20-6c pm	5.72	15cpm-20dis	−0.05
Italy	2395½-2441¼	2404-2405	par-3lire dis	−0.75	7-12 dis	−1.58
Norway	10.80-10.99¾	10.83½-10.84½	1½-½ore pm	1.04	1½-½ pm	0.42
France	11.50¾-11.74¼	11.53½-11.54½†	3½-2⅛c pm	3.25	7¼-6½ pm	2.32
Sweden	15.77¼-15.98	15.82-15.83	½ore pm-¼ dis	−5.14	½-1¼ dis	−0.39
Japan	298½-303½	298¼-299¼	1.90-1.70y pm	7.22	5.40-5.10 pm	7.02
Austria	26.42-26.94	26.42-26.57	16½-15gro pm	7.13	42¼-39¼ pm	6.18
Switz.	3.16¾-3.25	3.19¼-3.20¾	2⅜-2⅛c pm	8.44	6¾-6½ pm	7.51

Belgian rate is for convertible francs. Financial franc n/a
Six-month forward dollar 1.31-1.46c pm. 12-month 1.53-1.38c pm.
†Corrections for French Franc rate against Sterling: March 19 11.37½-11.38½, and March 21 11.67½-11.68½

DOLLAR SPOT—FORWARD AGAINST DOLLAR

March 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.1670-1.1940	1.1730-1.1740	0.51-0.48c pm	5.06	1.22-1.17 pm	4.07
Ireland†	0.9840-0.9730	0.9675-0.9690	0.45-0.35c pm	4.95	1.25-0.95 pm	4.54
Canada	1.3685-1.3785	1.3765-1.3785	0.20-0.23c dis	−1.88	0.57-0.62dis	−1.74
Nethlnd.	3.6160-3.6480	3.6395-3.6405	0.64-0.61c pm	2.07	2.02-1.99 pm	2.21
Belgium	64.40-65.00	64.75-64.85	9½-10½c dis	−1.86	25-27 dis	−1.61
Denmark	11.47¾-11.87	11.63½-11.64	2¼-2¼ore dis	−2.81	4½-5 dis	−1.65
W. Ger.	3.2010-3.2330	3.2255-3.2265	0.88-0.83pf pm	3.19	2.61-2.56 pm	3.21
Portugal	178½-182	180-182	200-500c dis	−23.40	600-1400dis	−22.28
Spain	177.90-178.05	178.25-178.75	62-70c dis	−4.44	180-200 dis	−4.26
Italy	2037-2065	2052-2053	10-10½lire dis	−5.82	29-30 dis	−5.78
Norway	2.16¾-9.25¾	9.23½-9.24	2¼-3¼ore dis	−3.90	7¾-8¼ dis	−3.47
France	9.80½-9.88¼	9.85¾-9.86¼	1.57-1.57c dis	−1.98	4.35-4.85dis	−1.83
Sweden	2.15¾-9.25½	9.19¾-9.20¼	3¼-3¾ore dis	−4.67	9¾-6¾ dis	−4.35
Japan	254.50-255.60	255.50-255.60	0.51-0.47y pm	2.30	1.85-1.80 pm	2.86
Austria	22.64½-22.70	22.60-22.70	4½-3½gro pm	2.05	13½-11½ pm	2.21
Switz.	2.7060-2.7350	2.7270-2.7280	0.79-0.73c pm	3.35	2.42-2.37 pm	3.52

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 65.15-65.25.

MONEY MARKETS

Little change

Interest rates were little changed in London yesterday. While market sentiment remained bullish in the light of sterling's relative strength, highlighted by a 0.3096 fall to 12.3665 per cent in the Treasury bill tender, attitudes were influenced by the authorities' desire to restrain the extent of any downward momentum for the time being. Three-month interbank money finished at 13⅞ per cent unchanged from Thursday while three-month eligible bank bills were bid at 12⅞ per cent compared with 12½ per cent. Weekend interbank money opened at 14½-14¾ per cent and traded between a high of 15½ per cent and a low of 12 per cent before finishing bid at 13 per cent.

UK clearing banks base lending rate 13½ per cent since March 20

The Bank of England forecast a shortage of around £650m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £619m and a rise in the note circulation a further £250m. These were partly offset by Exchequer transactions adding £155m and banks' balances brought forward £60m above target.

To help alleviate the shortage the Bank offered an early round of assistance which totalled £14m and comprised purchases of £5m of eligible bank bills in band 1 (up to 14 days) at 13⅞ per cent and £7m in band 2 (15-33days) at 13½ per cent. In band 3 (34-63 days) it bought £2m of eligible bank bills at 13½ per cent. The forecast was later revised to a shortage of around £800m before taking into account the early help and the Bank gave additional assistance of £15m through purchases of £1m of eligible bank bills in band 1 at 13⅞ per cent, £8m in band 2 at 13½ per cent, and £6m in band 3 at 13½ per cent.

Once again the forecast was revised, this time to a shortage of around £700m and the Bank gave further help of £430m, comprising purchases of £21m of eligible bank bills in band 1 at 13⅞ per cent, £1m in band 2 at 13½ per cent and in band 3 £1m of local authority bills and £4m of eligible bank bills all at 13½ per cent. It also arranged sale and repurchase agreements on £403m of bills at 13½ per cent, unwinding on April 18. Late help came to £285m, making a total of £744m.

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

Mar. 22 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	12-15½	14¼-14½	12¾-14¼	11-14	—	—	—	—	—
2 days notice	—	—	14⅛-14⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14¼-14¾	14⅛	14¼-14¾	13⅞-14	—	—	—	—	—
One month	13⅞-13⅞	13⅞-14	13⅞	14	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	13⅞-13⅝	13⅞-13⅝	13⅝	13	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	13⅛-13⅛	13⅜-13⅝	12⅞	13	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	12⅝-12⅛	12⅞-12⅞	12⅞	—	—	—	—	[illegible]	[illegible]	[illegible]
Nine months	12¼-12⅛	12¼-12⅝	—	—	—	—	—	—	—	—
One year	12-11⅞	12⅛-12¼	12⅞	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	14⅝-14¼	—	14	8.7-8.8	8½-8¾	15 -10⅞
Two months	14⅝-14¼	—	13⅝	8.85-8.95	8⅝-8½	10⅞-15¼
Three months	14¼-13⅞	—	15¼	8.95-9.05	8¾-9	10⅛-10⅞
Six months	13 -12⅝	—	12¾	9.56-9.65	9 -9¼	10⅞-10⅝
Nine months	13 -12⅝	—	13¼	9.9-10.0	—	—
One year	12¾-12⅝	—	13¼	10.25-10.35	9½-9¾	10¼-10⅞
Two years	—	11⅞	—	—	—	—
Three years	—	11⅞	—	—	—	—
Four years	—	11¾	—	—	—	—
Five years	—	11¾	—	—	—	—

ECGD Fixed Rate Export Finance IV: Average Rate of Interest period February 6 to March 5 1985 (inclusive): 13.883 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 12½ per cent from March 1 1985. London and Scottish Clearing Bank Rates for lending 14 per cent. London Deposit Rates for sums at seven days' notice 11-11½ per cent. Treasury Bills: Average tender rates of discount 12.3665 per cent. Certificates of Tax Deposit (Series 6): Deposits £100,000 and over held under one month 14 per cent; one-three months 13¾ per cent; three-six months 13¾ per cent; six-nine months 12¾ per cent; nine-12 months 12½ per cent. Under £100,000 12 per cent from March 12. Deposits held under Series 3 12½ per cent. The rate for all deposits withdrawn for cash 8 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. March 22)

Three months U.S. dollars	
bid 9 1/8	offer 9 1/4

Six months U.S. dollars	
bid 9 5/8	offer 9 3/4

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Mar. 22	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short-term	14⅛-14¾	5⅞-6⅞	2⅞-10½	6⅞-6⅞	¼-1	6½-6½	10⅞-10⅝	15¼-14¼	10-10½	10¼-10½	6⅝-6½	11¾-12¼
7 day's notice	14⅛-14¾	6¼-9⅛	10-10¼	6⅝-6¾	16⅛-13⅝	6½-5¾	10⅞-10⅞	13¾-14⅝	10¼-10¾	10⅜-10¼	6⅞-7⅛	11½-18
Month	15⅞-14	8¾-8⅞	10¼-10⅛	6⅞-6⅞	6½-5½	3⅝-5½	10⅝-10¾	14⅝-14⅞	10⅛-10⅞	10⅛-10⅝	8½-5⅝	11⅛-11⅝
Three months	13⅞-13⅞	9⅞-2⅞	10¾-11	6⅞-7⅛	5⅝-5¾	5⅞-6	10⅞-11⅛	14¾-15¼	15⅝-10⅞	10⅝-10⅞	8⅝-5⅞	11¼-11¼
Six months	12⅛-13⅝	2¼-0⅞	10 -11⅛	7⅛-7⅞	3⅞-5⅞	6⅛-6¼	11⅝-11½	15-15½	15½-11	10¾-11	6⅝-6½	11-11½
One year	12⅞-12¼	10⅛ 10⅞	11⅞-11⅞	7¼-7⅝	5⅞-5⅞	6⅞-6⅞	11⅞-12	16½-15	11-11⅛	11⅛-11⅛	8⅝-5⅞	11⅛-11⅝

Asian $ (closing rates in Singapore): Short-term 8⅞-8⅞ per cent; seven days 8¾-9⅞ per cent; one month 8⅞-8⅞ per cent; three months 9⅞-9⅞ per cent; six months 9⅞-9¾ per cent; one year 10⅞-10⅞ per cent. Long-term Eurodollars: two years 11½-11¾ per cent; three years 11¾-12 per cent; four years 12-12½ per cent; five years 12¼-12½ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

COMMODITIES AND AGRICULTURE

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1984/5 High	1984/5 Low
METALS					
Aluminium					
Free Markets c.i.f.	$1130/1150	+5	$1465/1495	$3575/3625	$1025/1075
Antimony					
Free Market 99.6%	$2900/3000	+50	$3150/3260	$3575/3625	$2430/62
Copper-Cash High Grade	£1194	−64	£1083.25	£1303.75	£945
3 months Do. Do.	£1214.25	−64.25	£1067.75	£1331.75	£969.75
Gold per oz	$316.5	+21	$387.75	$405.79	$284.79
Lead Cash	£302.5	−9	£377.75	£399.5	£269.5
3 months	£311.25	−9	£341.25	£387.57	£270.25
Nickel					
Free Markets c.i.f. lb	238/258c	+5	015/235c	239/269c	203/22c
Palladium per oz	$112.60	+22.5	$158.25	$168.25	$109.75
Plat'num per oz	$270.75	+22	£272.25	$411.25	$244.25
Quicksilver (76 lbs)	$286/295	−5	$305/318	$313/318	$286/295
Silver per oz	542.00p	+16.66	657.10p	679.70p	508.60p
3 months per oz	558.80p	+18.35	670.70p	694.40p	322.20p
Tin cash	£9,650	−505.5	£8405	£10,227.5	£8370
3 months	£9,652.0	−491	£8542.8	£10,032.5	£8517.5
Tungsten Ind	$75.70	+0.06	$76.36	$89.55	$73.44
Wolfram (22.04 lb.)	$75/78	—	$86/90	$88/90	$64/68
Zinc cash	£767	−67	£750	£844.3	£592.6
3 months	£746.5	−59.25	£706.75	£822.5	£594.5
Producers	$900/940	—	$1,050	$1058/1080	$900
GRAINS					
Barley Futures	£116.55u	−0.65	£122.45	£123.55	£106.65
Maize French	£161.00	+2	£147.60	£154.50	£145.00
WHEAT Futures	£119.55u	−0.20	£136.65	£130.50	£105.55
SPICES					
Cloves	‡	—	£5,400	£5,500	£4,000
Pepper white	‡	—	$3,100	$3,500	$2,900
black	‡	—	$1,550	$2,425	$1,800
OILS					
Coconut (Philippines)	$840z	—	$1,199	$1,676	$750
Palm Malayan	$635u	—	$720	$1,000	$550
SEEDS					
Copra (Philippines)	$500y	—	$770	$865	$460
Soyabeans (U.S.)	$252x	—	$327.15	$355.2	$236.75
OTHER COMMODITIES					
Cocoa Futures May	£2056	−34	£1807.5	£2,266.5	£1658
Coffee Futures May	£2286.5	−145.5	£1966	£2,512	£1,899.5
Cotton Index	‡	—	88.90c	90.10c	66.65c
Des. Coconut	‡	—	£1,000	£1,345	£995
Gas Oil Fut. April	$232.25	+6.25	$247.5	$257.75	$214.25
Jute LJA BWC grade	‡	—	$500	$890	$485
Rubber kilo	55p	−2.5	76.5p	91p	58p
Sisal No. 3L	‡	—	$640/650	$670	$630
Sugar (Raw)	$112zu	+1.5	£114.5	$194	$92
Tea (quality) kilo	‡	—	302p	375p	267p
(low med) kilo	188p	−6	220p	280p	196p
Wooltops 64s Super	529p kilo	—	457p kilo	525p kilo	483p kilo

‡ Unquoted. (2) Madagascar. (x) April. (y) Apr-May. (z) March-April. (u) May. (v) May-June.

OIL

SPOT PRICES

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)—April‡		
Arab Light	27.75-27.85	+0.05
Arab Heavy	26.50-26.60	—
Dubai	27.15-27.25	+0.025
Brent Blend	28.00-28.10	+0.10
W.T.I. (1pm est)	28.20-28.30*	−0.10
Forcados (Nigeria)	28.00-28.20	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	251-253	+1
Gas Oil	239-241	+1
Heavy fuel oil	153-155	−1

Petroleum Argus estimates

* May

GAS OIL FUTURES

Month	Yest'day's Close	+ or −	
	$ U.S. per tonne		
March	242.25	+5.25	243.50-38.50
April	232.25	+3.50	233.00-30.00
May	228.50	+1.50	228.00-27.75
June	224.25	+1.00	223.25-24.00
July	224.00	+1.25	225.50-23.75
Aug	226.00	+1.50	228.00
Sep	226.25	−0.75	

Turnover: 3,389 (2,843) lots of 100 tonnes.

GOLD

Gold fell $5½ an ounce from Thursday's close in the London bullion market yesterday to finish at $315-316. The metal opened at $315-315¾ and traded between a high of $320¾-321¼ and a low of $313¾-314½. Sentiment improved in early New York trading following further problems concerning thrift houses in Ohio.

GOLD BULLION (fine ounce) Mar. 22

Close	$315-316	(£268½-269½)
Opening	$315-315¾	(£266-268¾)
M'n'g fix.	$298.75	(£269.988)
Aft'n'n fix.	$315.50	(£268.311)

GOLD AND PLATINUM COINS

Kr'g'r'nd	$327½-330¾	(£279¼-282)
½ Krug.	$167-169	(£149¼-144)
¼ Krug.	$84¾-86¼	(£72¼-73½)
1/10 Krug.	$34½-35½	(£29½-30¼)
Mapleleaf	$327½-330¾	(£279¼-282)
New Sov.	$75-79	(£64-64¾)
½New Sov	$44¼-46	(£37¾-39¼)
Old Sov.	$75-78½	(£65¾-65¼)
$20 Eagle	$460-490	(£392-418)
Noble Plat	$277-280¾	(£236¼-239½)

INDICES

FINANCIAL TIMES

Mar. 21	Mar. 20	M'th ago	Year ago
294.98	302.04	295.41	303.51

(Base: July 1 1952 = 100)

REUTERS

Mar. 22	Mar. 20	M'th ago	Year ago
1963.5	1965.7	2027.0	2008.1

(Base: September 18 1931 = 100)

MOODY'S

Mar. 21	Mar. 20	M'th ago	Year ago
960.5	962.6	964.7	—

(Base: December 31 1931 = 100)

DOW JONES

Dow Jones	Mar. 21	Mar. 20	Month ago	Year ago
Spot	119.06	120.19	129.12	—
Fut.	123.19	123.05	131.54	—

(Base: December 31 1974 = 100)

REVIEW OF THE WEEK

Dollar decline sparks gold price upsurge

BY OUR COMMODITIES STAFF

CURRENCY FACTORS continued to overwhelm all other considerations on the London commodity markets this week. The dramatic downturn in the value of the dollar brought sharp rises for dollar-priced commodities such as gold and sugar but sterling-denominated market all suffered substantial losses.

Gold's big upsurge began on Tuesday when the sudden fall in the dollar, coupled with nervousness resulting from the Ohio banking crisis, led to a wave of U.S. buying. Dealers said many analysts had been looking for an upturn in gold values anyways as the U.S. market had become heavily oversold in the preceding price decline.

With covering against earlier short sales and the breeching of chart resistance points providing further upward impetus the London gold price surged to a peak of $347.50 a troy ounce on Wednesday before being trimmed back sharply by the rally in the value of the dollar against sterling.

With the dollar rallying further yesterday the London gold price slipped back another $5.50 to finish the week $21 up at $315.50 an ounce.

The dollar's performance inevitably had the reverse effect on the sterling-denominated London Metal Exchange (LME) base metals prices.

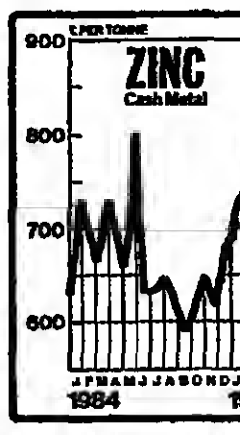
The mildly bullish significance of a further fall in LME warehouse stocks of copper last week was easily overwhelmed by the currency factor and with trade selling from Japan and Europe and a U.S. producer price cut providing extra bearish pressure the cash high grade price sank to £1,172.50 a tonne before ending the week £84 down at £1,194 a tonne. Yesterday's £21.50 rise was mainly due to the rally in the dollar but was also encouraged by Chinese buying and expectations that another LME stocks fall will be announced on Monday.

The copper market's price pattern was reflected in other LME quotations with cash standard tin losing £505.50 on the week to £9,660 a tonne, cash zinc £67 to £767 a tonne, cash aluminium £68.50 to £931.50 a tonne, and cash nickel £232.50 to £4,495 a tonne.

Lead remained remarkably steady, however, with the cash price losing only £9 on the week to £302.50 a tonne. Dealers attributed this to strong trade support for most of the week, though they reported quite significant trade selling yesterday in nervous trading.

The London coffee futures market, lacking the complication of any significant specific factors, gave the most faithful reflection of the currency influence. Despite gaining £26 yesterday the May position ended £145.50 down on the week at £2,286.50 a tonne.

In contrast the cocoa futures market was the last to succumb to the dollar factor. Concern about a developing squeeze on



the availability of nearby supplies kept cocoa prices firm for most of the week in the face of the dollar's decline and disappointment at the failure of last week's Geneva talks aimed at negotiating a new international cocoa agreement.

But concern about the supply situation eased eventually and the cocoa market joined in the general decline in sterling commodities. By last night's close the May position, which had reached £2,117.50 a tonne earlier in the week, was quoted at £2,056 a tonne, down £34 on balance.

BASE METALS

COPPER

Amalgamated Metal Trading reported that in the morning cash higher grade traded at £1187, 86.5, 86, three months £1204, 5, 7, 8, 8, 8.5, 8, 7, 6, 7.5, 7. Kerb: Higher Grade: Three months 12.08, 7, 8, 9, 8.5, 10, 10.5. Afternoon Higher Grade: three months £1215, 16, 19, 13.5, 16, 13.5, 14, 14.5, 14, 13.5. Kerb: Higher Grade: Three months £1214, 13, 12.5, 12, 11.5, 11, 10.5, 10, 9, 8, 9.

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −†
High Grde	£	£	£	£
Cash	1186-7	−14.9	1103.5-4.5	+21.5
3 months	1207-.5	−15.25	1124-.5	+18.5
Settlem't	1187	−14.5	—	—
Cathodes				
Cash	1123-4	−15	1200-5	+19.5
3 months	1207.0	−15.5	1212-5	+17.5
Settlem't	1194	−15	—	—

Turnover: 26,175 tonnes. U.S. Producers: 66-70 cents per pound.

TIN

Tin—Morning: Standard: Three months £9700, 9696, 90, 85, 50, 40. Kerb: Standard: Three months £9670. Afternoon: Standard: Three months £9710, 9700, 70, 65, 50, 60. Kerb: Standard: Three months £9670, 65, 60, 55, 50.

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −†
High Grde	£	£	£	£
Cash	9650-5	−142.5	2565-65	+20
3 months	9650.5	−187.5	9676 85	+15
Settlem't	9655	−145	—	—
Standard				
Cash	9660-5	−142.5	9558-65	+25.5
3 months	9635-4	−195	9660-5	+15
Settlem't	9659	−145	—	—
Straits, E.	$29.15		—	—

Turnover: 1,345 tonnes.

LEAD

Lead—Morning: Cash £301, 1.5, three months £314, 13, 12, 10. Kerb: Three months £309.5, 10, 10.5. Afternoon: Three months £311, 12, 11, 10.5, 11.

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −1
	£	£	£	£
Cash	301-.5	−5.12	302-.5	+1
3 months	310-.5	−4	311-.5	+1.5
Settlem't	301.9	−5	—	—

Turnover: 7,475 tonnes. U.S. Spot: 18-22 cents per pound.

ZINC

Zinc. High Grade Official/Unofficial prices: Cash am 773-4, pm 776-8. Three months am 773-5, pm 775-8. Settlement 774.

Zinc—Morning: Three months £744, 45, 44, 45, 43, 44, 43. High Grade: Cash £775, 73. Kerb: Three months £744, 43, 44, 45. Afternoon: Three months £747, 48, 49, 50, 49, 48. Kerb: Three months £748, 47, 46, 45, 44.5, 45.

ZINC	a.m. Official	+ or −	p.m. Unofficial	+ or −1
	£	£	£	£
Cash	764-5	−28.5	766-8	+6
3 months	743-4	−15.7	746-7	+5.75
Settlem't	765	−21	—	—

Turnover: 8,775 tonnes. U.S. Prime Western: 45-45.75 cents per pound.

ALUMINIUM

Aluminium—Morning: Three months £962, 62.5, 62, 60, 60.3, 59.5, 59. Kerb: Three months £960, 61, 62, 63. Afternoon: Three months £967, 66, 64, 63. Kerb: Three months £965, 64, 62, 61, 60.

Alumn'm	a.m. Official	+ or −	p.m. Unofficial	+ or −†
	£	£	£	£
Spot	236.5-1	−15.5	031-2	+11
3 months	250-.5	−14.5	962-3	+10

Turnover: 18,275 tonnes.

NICKEL

Nickel—Morning: Three months £4,525, 20, 15. Kerb: Three months £4,520. Afternoon: Three months £4,530, 25, 27, 30, 28, 28. Kerb: Three months £4,530, 40, 45, 40, 50, 45, 40.

NICKEL	a.m. Official	+ or −	p.m. Unofficial	+ or −†
	£	£	£	£
Spot	4480-5	−81	4480-500	+55
3 months	4515-25	−75.5	4530-5	+65

Turnover: 1,962 tonnes.
TAKE IN table table table table table

SILVER

Silver was fixed 13.55p an ounce higher for spot delivery in the London bullion market yesterday at 542.0p. U.S. cent equivalents of the fixing levels were: spot 635c, up 28.1; three-month 652.65c, up 28.95c; six-month 668.40c, up 29.85c; and 12-month 704.10c, up 30.95c. The metal opened at 528-531p (625-628c) and closed at 537-541p (630-634c).

SILVER per troy oz	Bullion fixing price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	542.00p	+13.5	535.9p	+2.5
3 months	558.80p	+13.8	599.5p	+2.9
6 months	574.00p	+14.5	—	—
12months	604.90p	+14.7	—	—

LME—Turnover: 69 (16) lots of 10,000 ozs.

Morning: 1st ring, three months 560. Kerb: untraded. Afternoon: 2nd ring, three months 555.5. Kerb: three months 555.

COCOA

COCOA	Yesterday's Close	+ or −	Business Done
	£ per tonne		
March	2040-2060	+1.3	2060-2035
May	2055 2057	−3.0	2070-2057
July	2030 2031	+7.5	2024-2007
Sept.	2052 2004	+2.5	2007-1987
Dec.	1920-1922	+3.5	1922-1611
Mar.	1212-1917	+3.5	1915-1900
May	1900-1016	—	—

Sales: 4,284 (5,427) lots of 10 tonnes.
ICCO indicator prices (U.S. cents per pound). Daily price for March 22: 104.08 (104.91); five-day average for March 25: 103.87 (102.44).

COFFEE

COFFEE	Yesterd'ys Close	+ or −	Business Done
March	2242-45	+18.0	8852-31
May	2286-87	+26.0	8882-60
July	2326-35	+27.5	233-302
Sept.	2365-68	+28.6	2370-43
Nov.	23-7883	+28.5	2389-57
Jan.	2340-60	+17.3	2360-40
March	2330-40	+30.0	2335-00

Sales: 3,305 (4,255) lots of 5 tonnes.
ICO indicator prices (U.S. cents per pound) for March 21: Comp. daily 1979 133.21 (133.04): 15-day average 131.76 (131.54).

GRAINS

Business done—Wheat: March 117.50-7.40, May 112.95-2.60, July 123.20-2.95, Sept 98.50 only, Nov 101.70 only, Jan 105.35 only. Sales: 98 lots of 100 tonnes. Barley: March 115.00 only. May untraded, Sept 98.50 only. Nov and Jan untraded. Sales: 17 lots of 100 tonnes.

WHEAT Mnth	Yesterd'ys close	+ or −	BARLEY Yesterdys close	+ or −
Mar	117.40	−0.13	116.00	+0.48
May	119.55	−0.40	116.66	−0.25
July	120.95	−0.45	—	—
Sept	98.36	−0.15	98.50	−0.25
Nov	101.33	−0.15	103.05	−0.20
Jan	105.20	−0.15	106.40	−0.20

LONDON GRAINS—Wheat: U.S. dark northern spring No 1 15 per cent March 156.65, April/May 153.80, June 153.60, July 154.20 transhipment east coast. U.S. No 2 soft red winter April 157.75, May 152.50, July 138.75 transhipment east coast. EC French July 119 cif free out south/west coast. English feed fob April 125, May 124, Aug/Sept 99.50, Sept 100, Oct 103.50, Oct/Nov 104.50, Jan/March 119 sellers east coast. Maize: U.S. No 3 yellow/French transhipment east coast March 151. Barley: English feed fob April 118.50, June/Aug 98.50, Sept 150.00, Oct/Nov 115.50 sellers east coast. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed—Barley: Eastern 114.70, N. East 118.00, Scotland 112.60. The UK monetary coefficient for the week beginning Monday April 1 (based on HGCA calculations using three days' exchange rates) is expected to change to 1.000.

PIGMEAT

Month	Yesterdays close	Previous close	Business done
	p. per kilo (deadweight)		
April	109.50	108.90	109.50-108.40
June	107.00	106.70	107.50-107.00
Aug.	102.20	102.40	—
Oct.	108.90	108.50	—
Nov.	109.30	109.20	108.50
Feb.	100.70	100.50	—

Sales: 14 (38) lots of 50 carcases, 3,250 kg.

POTATOES

Month	Yesterday's close	Previous close	Business Done
	£ per tonne		
April	46.60	41.60	41.20-40.40
May	46.80	47.20	41.80-46.88
Nov.	75.50	70.30	70.50-70.30
Feb.	78.80	78.50	—
Apr.	22.70	02.30	92.50

Sales: 474 (549) lots of 40 tonnes.

RUBBER

PHYSICALS — The London market opened very quiet, was influenced by currency factors throughout the day, and closed firmer, reports Lewis and Peat. Closing prices (buyers): spot 55.00p (same); April 71.00p (70.75p); May 71.50p (71.25p). The Kuala Lumpur fob price for April RSS No 1 was 194.5 (121.3) cents a kg and for SMR 20 was 193.3 (191.3).

SOYABEAN MEAL

	Yesterday close	+ or −	Business Done
	£ per tonne		
April	145.5-148.5	−0.58	146.2-141.0
June	155.5-151.5	−0.75	157.0
August	155.0-156.0	−1.15	157.0
October	140.5-141.7	−2.65	142.1-141.0
Dec	146.5-147.0	−1.25	—
Feb	151.0-152.5	−1.75	152.0
April	131.5-154.5	−1.85	153.0

Sales: 229 (212) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $112.00 (£95.00), up $2.00 (down £1.00) a tonne for March-April-May delivery. White sugar $133.00, up $1.00.

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
May	116.8-114.0	114.8-115.0	115.4-113.2
Aug	110.8-118.8	120.8-120.2	120.2-117.8
Oct	125.4-125.8	125.0-125.2	125.0-122.8
Dec	129.0-131.5	131.8-132.2	129.4-129.4
Mar	145.8-144.2	145.0-145.2	145.0-143.0
May	147.0-149.0	150.0-150.0	150.0-148.0
Aug	153.0-155.0	155.2-158.8	—

Sales: 817 (1,177) lots of 50 tonnes.
Tate & Lyle delivery price for granulated basis sugar was £208.00 (same) a tonne for export.

AMERICAN MARKETS

PRECIOUS METALS were slightly firmer in choppy trade over a narrow range as traders evened up their positions ahead of the weekend but gold eased at the close, reports Heinold Commodities. Copper declined as commission house buying, on the basis of lower industry stocks, was offset by selling off weaker sterling. Aluminium moved sharply lower in a predominantly arbitrage orientated market. Cotton showed a firm tone reflecting confirmations of Soviet buying and concern about adequacy of certificated stocks. Coffee declined moderately on profit-taking after the market failed to follow-through on earlier gains. Sugar came under light pressure from a lack of fresh news and from weaker currencies. Cocoa moved nominally lower on light and speculative selling with trade support emerging at the lower values on fears of tight spot supplies.

NEW YORK

ALUMINIUM 40,000 lb; cents/lb

	Close	High	Low	Prev
March	49.00	—	—	49.50
April	49.10	—	—	49.60
May	49.50	50.05	49.50	50.00
July	50.35	50.80	50.80	50.85
Sept	51.20	51.60	51.25	51.70
Dec	52.45	52.70	52.45	52.95
Jan	52.85	—	—	53.36
March	53.70	—	—	54.20
May	54.50	—	—	55.00
July	55.30	—	—	55.80

COCOA 10 tonnes; $/tonnes

	Latest	High	Low	Prev
May	2398	2421	2337	2381
July	2230	2250	2178	2217
Sept	2210	2230	2165	2193
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]

COFFEE "C" 37,000 lb, cents/lb

COPPER 25,000 lb; cents/lb

COTTON 50,000 lbs, cents/lb

CRUDE OIL (LIGHT) 42,000 U.S. gallons; $ barrels

GOLD 100 troy oz, $/troy oz

SILVER 5,000 troy oz, cents/troy oz

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Latest	High	Low	Prev
April	81.35	[illegible]	[illegible]	[illegible]
May	76.70	[illegible]	[illegible]	[illegible]
June	73.55	[illegible]	[illegible]	[illegible]
July	72.70	[illegible]	[illegible]	[illegible]
Aug	73.25	[illegible]	[illegible]	[illegible]
Sept	73.65	[illegible]	[illegible]	[illegible]

PLATINUM 50 troy oz; $/troy oz

	Close	High	Low	Prev
March	285.7	[illegible]	[illegible]	[illegible]
April	285.9	[illegible]	[illegible]	[illegible]
July	269.6	[illegible]	[illegible]	[illegible]
Oct	276.3	[illegible]	[illegible]	[illegible]
Jan	281.9	[illegible]	[illegible]	[illegible]
April	289.5	[illegible]	[illegible]	[illegible]

ORANGE JUICE 15,000 lbs, cents/lb

	Close	High	Low	Prev
May	163.65	[illegible]	[illegible]	[illegible]
Sept	164.15	[illegible]	[illegible]	[illegible]
Nov	163.10	[illegible]	[illegible]	[illegible]
Jan	163.10	[illegible]	[illegible]	[illegible]
March	163.50	[illegible]	[illegible]	[illegible]
May	163.50	[illegible]	[illegible]	[illegible]
July	163.50	[illegible]	[illegible]	[illegible]

SUGAR WORLD "11" 112,000 lb; cents/lb

	Close	High	Low	Prev
May	3.96	[illegible]	[illegible]	[illegible]
July	4.14	[illegible]	[illegible]	[illegible]
Sept	4.31	[illegible]	[illegible]	[illegible]
Oct	4.46	[illegible]	[illegible]	[illegible]
Jan	4.97	[illegible]	[illegible]	[illegible]
March	5.41	[illegible]	[illegible]	[illegible]
May	5.60	[illegible]	[illegible]	[illegible]
July	5.90	[illegible]	[illegible]	[illegible]

CHICAGO

LIVE CATTLE 40,000 lb; cents/lb

	Close	High	Low	Prev
April	63.05	[illegible]	[illegible]	[illegible]
June	66.15	[illegible]	[illegible]	[illegible]
August	65.85	[illegible]	[illegible]	[illegible]
Oct	63.82	[illegible]	[illegible]	[illegible]
Dec	65.02	[illegible]	[illegible]	[illegible]
Feb	65.40	[illegible]	[illegible]	[illegible]
April	66.10	[illegible]	[illegible]	[illegible]

LIVE HOGS 30,000 lb; cents/lb

	Close	High	Low	Prev
April	45.90	[illegible]	[illegible]	[illegible]
June	50.37	[illegible]	[illegible]	[illegible]
July	51.80	[illegible]	[illegible]	[illegible]
August	51.60	[illegible]	[illegible]	[illegible]

MAIZE 5,000 bu min; cents/56 lb-bushel

PORK BELLIES 38,000 lb; cents/lb

SOYABEANS 5,000 bu min; cents/60-lb bushel

SOYABEAN MEAL 100 tons, $/ton

SOYABEAN OIL 60,000 lbs, cents/lb

WHEAT 5,000 bu min, cents/60-lb bushel

SPOT PRICES—Chicago loose lard 24.00 (same) cents per pound. New York tin 529.0-50.0 (534.0-60.0) cents per pound. Handy and Harman's silver bullion 631.5 (635.0) cents per troy ounce.

MARKET REPORT

Currency influences continue to dominate market
Gilt-edged and leading shares little changed

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Mar 11	Mar 21	Mar 22	Apr 1
Mar 25	Apr 11	Apr 12	Apr 22
Apr 15	Apr 25	Apr 26	May 7

* "New-time" dealings may take place from 8.30 am two business days earlier.

Currency considerations restrained London stock markets yesterday, the final session of the Budget trading Account. Foreign exchaoge market nervousnesa at the end of a week which has seen the dollar weaken quite dramatically was an unsettling influence. Trade was also affected by the lack of "new-time" inquiries for the three-week Easter Account, which starts on Monday.

Sterling moved higher early yesterday, but the rate peaked out at $1.1940 against the dollar. Thereafter, profit-taking caused it tn lose ground against all leading currencies, which lnwered the trade-weighted average to 75.5 compared with 78.4 on Thursday. Government bonds closely followed the trading pattern of forex markets. Prices lost their post-Budget momentum after further official sales of stock: the £500m tranche of Conversion 9½ per cent 2001 was finally exhausted et 93⅞ and the authorities also sold supplies of Exchequer 11 per cent, at 96½, before withdrawaing at that price.

Longer-dated stocks gave up fresh gains ranging to ½ to close with minor movements in either direction. The shorts also surrendered small rises, while index-linked Gilts continued their fall from grace since the Budget. The announcement of last month's RPI, which sbowed UK inflation running at a year-on-year of 5.4 per cent, was hroadly in line with expectations. The news failed to support index-linked issues which settled ½ down on the day for three-day falls of some three points.

Industrial shares were easier. Stocks in export earners led the downturn in a market seemingly short of funds and suffering from a mild attack of Budget hangover. Few features emerged but the tone became more settled around midday and improved considerably after the 3.30 pm close. Demand for the new Account then lifted values and the FT Ordinary share, down 6.8 at noon, closed only 0.7 off nn the day at 992.4. Over the week, the index was 10.1 lnwer.

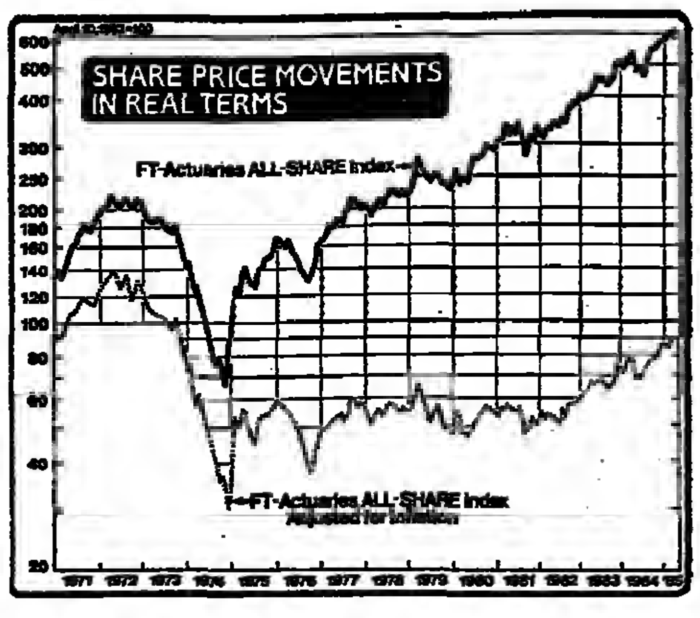
Gerrard and National, having risen 15 the previous day on a Press suggestion that a 400p per share bid for the company was imminent, advanced 15 more to a 1984-85 peak of 375p; speculation intensified following the surprise announcement that the Discount House would not be setting up a joint company with stockbrokers James Capel, to deal in Government securities. Allied Irish, still troubled by the Irish Government's rescue nf its Insurance Corporation of Ireland subsidiary, slipped to a new 1984-85 low level of 100p, before recovering late to close et the overnight level of 102p, making a fall of 30 on the week.

Takeover favourite Commercial Union again featured Insurances, rising afresh to 211p before closing 5 up on the day and 11 higher on the week at 210p; the rise was accompanied by talk that BTR was about to bid around 250p per share for the loss-making Composite. Other Composites were undecided, while Life Insurances, particularly good since the Chancellor's decision not to impose tax on pension funds, drifted lower on profit-taking. Equity and Law, annual results due on Tuesday, gave up 4 to 256p.

An otherwise uneventful session in Breweries was enlivened by Belhaven which spurted 5 to 55p on new-time support in the wake of a brokers lunch. Elsewhere, a broker's cautious circular continued to nnsettle Distillers, another 2 off at 288p.

Leading Buildings were marked down at the outset and drifted lower still on lack of support before steadying after hours. Secondary issues displayed several bright features. Turriff Corporation, a weak market recently following the board's indication of sharply lower profits, moved up 25 to 325p in a restricetd market on news thet BRP Securities, a wholly-owned subsidiary of Bajau, had increased its stake to 8.2 per cent. F. J. C. Lilley added 3 to 88p helped by option business, while Ibstock Johnsen rose 10 to 300p reflecting its 22.7 per cent stake in Eucaylyptus Pulp Mills which revealed excellent annual results yesterday. Ibstock's preliminary statement is due next Friday.

A weak market in recent days on thoughts that overseas earnings potential could be diminished by Sterling's revival, ICI returned to favour as the pound weakened and closed 15 better, but still 33 down on the week at 782p. Among other Chemicals,



Allied Colloids met sporadic selling and shed 9 to 228p, but Wolstenholme Rink gained 10 to 285p following the good annual results and rights issue proposal.

Foster Bros. nervous

Foster Brothers turned reactionary and dipped to 198p before settling for a net fall of 14 at 206p amid fears that the agreed bid from Sears would be referred to the Monopolies Commission. Ward White, original suitors for Foster, whose offer lapsed on Thursday, gave up a couple of pence to 233p. Elsewhere, movements in secondary Stores were usually against holders. End-Account profit-taking left J. Hepworth 10 off at 182p, after 178p. Church, at 615p, gave up 15 of the previous day's advance of 100 that followed the annual results and proposed scrip issue. In contrast, late support was evident for Freemans, 6 dearer at 202p; the annual results are scheduled for Monday, while Cecil Gee, preliminary figures due next Wednesday, added 5 more at 185p. Lincroft Kilgour, where Mr Peter de Savary recently disclosed an 8.6 per cent holding, closed 25 to the good at 185p.

Footwear and Leather counters featured fresh support of Garnar Booth, 6 better for a gain on the week of 25 at 220p; brokers de Zoete and Bevan recommend purchases after raising its profits forecast to £4.6m.

Thorn EMI rose 12 to 430p on news of the £100m contract to supply British Telecom with an alternative digital exchange system to System X. BT, meanwhile, hardened a penny to 135p following comment nn the third-quarter profits and forecast of a £1.5bn outcome for the full year. Elsewhere in Electricals, Godwin Warren firmed 5 to 158p after contract news, while CPU Computers jumped 7 to 48p on takeover hopes in the wake of the interim profits setback. HB Electronic, on the other hand, gave up 4 to 56p ahead of Tuesday's preliminary statement.

Among the Engineering leaders, Vickers eased 4 to 262p after confirmation of the sale of the lease of its Millbank headquarters. TI were friendless and drifted off to close 6 lower at 234p for a fall of 14 on the week. Profit-taking was evident among some secondary issues, Baker Perkins reacting 8 to 207p and Burgess Products 7 to 145p. In contrast, Tace provided a bright spot with a rise of 13 to 473p.

Foods made rather a drab showing. The chairman's profit warning continued to weigh heavily on S. and W. Berisford which shed a penny more to 162p for a fall on the week of 12. Rowntree Mackintosh were a quieter market after the previous day's speculative flurry and eased 3 to 405p.

Leading Hotels drifted lower on lack of support. Grand Metropolitan settled 7 down at the day's lowest of 283p. Elsewhere, Kennedy Brookes rose 9 to 282p following favourable Press comment.

BTR rally

BTR took a turn for the better after recent weakness on dollar influences and rallied 16 to 706p, but still 37 down on the week. Glaxo became a nervous market on rumours coocerning its top selling drug Zantac and fell to £11¼ before recovering on the company's statemeot regarding the extension of the drug's use in the U.S. to close only ⅛ off on balance at £11⅝. Occasional losses among other miscellaneous industrial leaders included Hanson Trust, 4 cheaper at 213p, and Trafalgar House, 8 lower at 338p. Reed International fell to 566p before staging a late rally to 574p, only 2 off on balance. Further comment on the recent results left Sale Tilney 28 higher at 570p for a gain of 95 on the week, but the annual loss prompted persistent selling of Beatson Clark, which dipped 27 to 145p. Disappointing preliminary figures left Hepworth Ceramic 6 cheaper at 134p, after 129p, and Turner and Newall 5 lower at 107p, after 103p. Appledore, a good market since news of the joint acquisition of Falmouth Shiprepair, ran back 7 to 138p, but better-than-expected preliminary figures left Newman Industries 4 higher at 32p. Favourable Press mention enlivened Bodycote, which closed 8 to the good at 114p. British Aerospace, down 10 at 375p, were unsettled by the company's failure to win the contract to build the next RAF basic training aircraft.

Television issues were hit by news of the latest fall in TV advertising revenue. HTV N/V fell 9 to 134p, while Anglia A shed 7 to 138p and Grampian TV 4 to 92p. Among Leisure issues, "new time" demand lifted Aspinall Holdings 9 to 141p and Riley Leisure 5 to 54p.

Jaguar, whose 83 per cent preliminary profits expansion, announced on Thursday disappointed markets, remained nervous reflecting the ebb and flow of sterling and recovered from an initial 308p to settle a net penny dearer at 314p—still down 49 on the week. Reliant, on the other hand, rose 3 to 46p awaiting next week's launch of its SS1 sports car. Distributors were also irregular. British Car Auction attracted fresh support in front of next Thursday's half-timer to finish 6 higher et 87p.

Publishers featured reoewed support of Fleet Holdings which advanced 14 to 287p in a lively business. Buyers also displayed interest in East Midland Allied Press A, 9 dearer at 109p.

Leading Properties usually recouped modest losses in the after hours' trade to close virtually unchanged. Elsewhere, Speyhawk attracted speculative demand in a restricted market on takeover hopes and rose 19 to 222p. Sheraton Securities were also firm, at 16p, up 1½.

In Textiles, Carpets International rose 4 to record a two-day advance of 7 at 51p; the full-year figures are expected next Wednesday. Burmatex improved 8 to 162p, after 166p, following Press comment.

Currency considerations continued to predominate in Bats which rallied from an early level of 336p to close a net 10 dearer at 351p, but still down 25 on the week.

Tricentrol surge

A nondescript morning in oils gave way to a much livelier afternoon session. Lasmo and Tricentrol moved sharply higher in tandem, arousing a mixture of takeover speculation and rumours of a significant oil discovery off the coast of Sicily. Tricentrol spurted from an initially easier 216 to touch 232p before settling a net 10 higher et 228p; the company is scheduled to announce preliminary results next Thursday. Lasmo, due to report interim figures on Wednesday week, closed e similar amount to the good at 350p, after 353p. Enterprise Oil, widely regarded as a potential bidder for Tricentrol, continned to improve and posted a further rise of 4 at 202p in front of figures, expected next Tuesday. A generally favourable Press on the good preliminary results boosted Britoil 6 more to 228p. BP moved within e narrow band, closing a few pence off at 548, while profit-taking lowered IC Gas 7 to 348p.

Second-line issues were highlighted by renewed strength in KCA Drilling which rose 3 more to 31p — a week's gain of 11 — and Falcon Resources, 15 up at 474p. The increased final 75p cash bid for Petrolex boosted the latter 7 to 75p, but lowered bidder Clyde Petroleum from 90p to a closing level of 86p, a net fall of a penny. Monument Oil hardened 2 more to 24p on news that the Kuwait Investment Office has increased its holding from 18.1 per cent to 29.54 per cent.

Golds move ahead

A week of extreme volatility in mining markets ended with South African Golds regaining composure. Bullion continued to move erratically, trading up to $321 in the morning and slipped back to $324 before closing et $315.5 in London, e fall of $5.5 on the day but a jump of $16.75 over the week.

Golds opened marginally higher with demand stifled by worries over the latest outbreak of civil unrest in South Africa folowing the 25th anniversary of the Sharpeville riots. However, the downturn in bullion failed to produce any significant selling pressure and share prices gradually edged higher to close around the day's best levels. The Gold Mines index registered its fourth rise of the week and gained 14.2 to 505.4, leaving the measure more than 25 points up over the five-day period.

UK Financials were unsettled by the downturn in domestic equities — Consolidated Gold Fields gave up 7 to 520p—but Australians enjoyed good gains following the further strong showing by overnight Sydney and Melbourne markets.

Total contracts transacted in Traded Options amounted to 7,202. Commercial Union, once again surounded by takeover speculation, attracted 1,451 calls, 337 in the April 200's and 371 in the April 220's. CU also recorded 663 puts. Bats, annual results due next Wednesday, attracted 372 calls and 221 puts, while Imperial Group recorded 534 calls, 212 in the May 220's.

FINANCIAL TIMES STOCK INDICES

	Mar. 22	Mar. 21	Mar. 20	Mar. 19	Mar. 18	Mar. 15	Year ago
Government Secs.	80.76	80.83	80.67	80.46	80.30	80.28	83.13
Fixed Interest	84.53	84.48	84.37	84.21	84.01	83.87	86.89
Ordinary	992.4	993.1	1001.9	997.5	995.4	1002.5	881.5
Gold Mines	505.4	491.2	517.7	507.0	481.7	479.9	656.0
Ord. Div. Yield	4.37	4.58	4.54	4.56	4.55	4.52	4.26
Earnings, Yld.% (full)	11.55	11.55	11.26	11.26	11.25	11.16	9.48
P/E Ratio (net) (*)	10.75	10.75	10.81	10.81	10.82	10.91	12.75
Total bargains (Est.)	25,442	27,320	25,665	25,271	26,639	28,420	26,935
Equity turnover £m.	—	460.24	409.60	334.99	387.57	411.65	406.88
Equity bargains	—	25,984	22,330	22,693	25,506	23,681	29,328
Shares traded (ml)	—	257.6	209.3	186.8	178.2	204.1	234.5

10 am 989.7, 11 am 988.3. Noon 987.5. 1 pm 987.9, 2 pm 987.6. 3 pm 987.9.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=10.40.

HIGHS AND LOWS / S.E. ACTIVITY INDICES

	1984/85 High	1984/85 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.77 (9/1/84)	74.72 (30/7/84)	127.4 (9/1/35)	42.18 (3/1/75)
Fixed Int.	87.48 (14/3/84)	80.43 (30/7/84)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1024.5 (22/1/85)	755.3 (23/7/84)	1024.5 (22/1/85)	49.4 (26/6/40)
Gold Mines	711.7 (9/3/84)	439.5 (25/1/85)	734.7 (15/2/83)	43.5 (26/10/71)

	Mar. 21	Mar. 20
Daily Gilt Edged Bargains	166.4	176.8
Equities Bargains	168.4	144.7
Value	930.3	827.9
5-day Average Gilt Edged Bargains	168.0	159.9
Equities Bargains	154.2	147.9
Value	785.8	769.5

LEADERS AND LAGGARDS

Percentage changes since December 31 1984 based on Thursday, March 21 1985

Shipping and Transport	+ 20.63	Food Manufacturing	+ 5.88
Insurance Brokers	+ 17.92	All-Share Index	+ 5.88
Newspapers, Publishing	+ 17.86	Chemicals	+ 5.80
Office Equipment	+ 17.29	Merchant Banks	+ 5.44
Metals and Metal Forming	+ 16.88	500 Share Index	+ 5.39
Motors	+ 16.59	Industrial Group	+ 4.41
Telephone Networks	+ 15.37	Consumer Group	+ 3.85
Insurance (Life)	+ 15.58	Banks	+ 3.64
Other Industrial Materials	+ 12.61	Gold Mines Index	+ 2.57
Oils	+ 11.88	Food Retailing	+ 2.12
Other Groups	+ 11.33	Brewers and Distillers	+ 0.89
Insurance (Composite)	+ 11.03	Property	+ 0.77
Packaging and Paper	+ 10.92	Health and H'sehold Products	+ 0.76
Mining Finance	+ 10.48	Tobaccos	− 0.25
Textiles	+ 10.18	Capital Goods	− 0.49
Mechanical Engineering	+ 2.94	Building Materials	− 1.01
Investment Trusts	+ 8.62	Leisure	− 1.06
Stores	+ 7.21	Electricals	− 2.75
Financial Group	+ 7.00	Contracting, Construction	− 5.94
Overseas Traders	+ 5.44	Electronics	− 10.77

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Mar 18	Mar 29	June 27	July 8
Apr 1	Apr 19	July 11	July 22
Apr 22	May 3	July 25	Aug 5

For rate indications see end of Share Information Service

Stocks favoured for the call includedd Osceola, DRG, Crystalate, Pentos, North Kalgurli, Great Western Resources, Commercial Union, Barratt Developments, Debenhams, Unigroup, Burnett and Hallamshire, Hampton Trust, Selincourt, Woodside, Ryan Hotels and Thorn EMI. Puts were taken out in Riley Leisure, Sovereign Oil and Gas and Newman Industries. No doubles were reported.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

Columns: Fri March 22 1985 (Index No.; Day's Change %; Est. Earnings Yield% (Max.); Gross Div. Yield% (ACT at 30%); Est. P/E Ratio (Net)); Thur March 21 Index No.; Wed March 20 Index No.; Tues March 19 Index No.; Mon March 18 Index No.; Year ago (approx.) Index No.; Highs and Lows Index (1984-85 High, Low; Since Compilation High, Low). Figures in parentheses show number of stocks per section.

No.	EQUITY GROUPS & SUB-SECTIONS	Figures
1	CAPITAL GOODS (206)	[illegible]
2	Building Materials (23)	[illegible]
3	Contracting, Construction (30)	[illegible]
4	Electricals (15)	[illegible]
5	Electronics (36)	[illegible]
6	Mechanical Engineering (60)	[illegible]
8	Metals and Metal Forming (8)	[illegible]
9	Motors (18)	[illegible]
10	Other Industrial Materials (16)	[illegible]
21	CONSUMER GROUP (183)	[illegible]
22	Brewers and Distillers (23)	[illegible]
25	Food Manufacturing (21)	[illegible]
26	Food Retailing (13)	[illegible]
27	Health and Household Products (9)	[illegible]
29	Leisure (22)	[illegible]
31	Newspapers, Publishing (12)	[illegible]
32	Packaging and Paper (14)	[illegible]
34	Stores (45)	[illegible]
35	Textiles (19)	[illegible]
36	Tobaccos (3)	[illegible]
41	OTHER GROUPS (96)	[illegible]
42	Chemicals (17)	[illegible]
44	Office Equipment (4)	[illegible]
45	Shipping and Transport (12)	[illegible]
46	Miscellaneous (61)	[illegible]
47	Telephone Networks (2)	[illegible]
49	INDUSTRIAL GROUP (485)	[illegible]
51	Oils (17)	[illegible]
59	500 SHARE INDEX (500)	[illegible]
61	FINANCIAL GROUP (114)	[illegible]
62	Banks (6)	[illegible]
65	Insurance (Life) (8)	[illegible]
66	Insurance (Composite) (7)	[illegible]
67	Insurance (Brokers) (6)	[illegible]
68	Merchant Banks (12)	[illegible]
69	Property (48)	[illegible]
70	Other Financial (25)	[illegible]
71	Investment Trusts (106)	[illegible]
81	Mining Finance (4)	[illegible]
91	Overseas Traders (14)	[illegible]
99	ALL-SHARE INDEX (738)	[illegible]
	FT-SE 100 SHARE INDEX	[illegible]

FIXED INTEREST

	PRICE INDICES	Fri March 22	Day's change %	Thur March 21	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	116.65	+0.04	116.58	—	2.33
2	5-15 years	127.77	−0.03	127.82	—	2.93
3	Over 15 years	134.92	+0.05	134.85	—	2.03
4	Irredeemables	146.99	—	146.99	—	1.62
5	All stocks	126.73	+0.01	126.71	—	2.60
6	Debentures & Loans	109.24	+0.39	108.82	—	[illegible]
7	Preference	77.20	+0.12	77.10	—	1.83

BRITISH GOVERNMENT INDEX-LINKED STOCKS

8	All stocks	110.71	−0.38	111.14	—	0.78

AVERAGE GROSS REDEMPTION YIELDS (Fri March 22; Thur March 21; Year ago (approx.); 1984 Highs; Lows): British Government Low Coupons 5, 15, 25 years (1–3); Medium Coupons 5, 15, 25 years (4–6); High Coupons 5, 15, 25 years (7–9); Irredeemables (10); Debs & Loans 5, 15, 25 years (11–13); Preference (14); Index-linked inflation rate 5%, 10% (15–16): [illegible]

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Health/Household Products	30/12/77	261.77	Mining Finance	29/12/67	100.00
Other Groups	31/12/74	63.75	All Other	10/04/62	100.00
Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Mechanical Engineering	31/12/71	153.84	Do. Index-linked	30/04/82	100.00
Office Equipment	16/01/70	162.74	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72
Other Financial	31/12/70	128.06	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.
NAME CHANGES: Fairview Estates (69), and Liverpool Daily Post (52) have become Fregmore Estates and Trinity International Holdings respectively.

NEW HIGHS AND LOWS FOR 1984/85

NEW HIGHS (68)

BRITISH FUNDS (1)
Treas 3pc 1985
BANKS (3)
Deutsche Bank — Seccombe Marshall — Gerrard Natl
BREWERS (1)
Belhaven Brewery
BUILDINGS (3)
Access Satellite — Ibstock Johnsen — Hewden-Stuart 10pc Ln 2003-08
STORES (3)
Olbons Group — Lincroft Kilgour — Freemans
ELECTRICALS (4)
Telecomputing — Cray Electronics — VG Instruments — Goring Kerr
ENGINEERING (12)
Sarclo Eng — Priest (B.) 8pcPf — Chamberlin Hill — RHP — Howden Group — 600 Group — Jackson (J. & H. B.) — TACE — Lake Elliot — Walker (C. & W.) — Manganese Bronze — Williams Hldgs
FOODS (3)
Clifford's Dairies A — Tesco 5pcLn 2002-07 — Pyke Hldgs
HOTELS (1)
Kennedy Brookes
INDUSTRIALS (11)
AAH — Courtney Pope — Amari — Hartona — BBA — Macfarlane — Barham — Sale Tilney — Bodycote Intl — Saring Ram — Bridgend Processes
INSURANCE (1)
Gen Accident
LEISURE (2)
Julianas's — Scanro
MOTORS (1)
Lucas Inds
NEWSPAPERS (6)
Assoc Book Pub — East Mid Allied A — Bristol Evening Post — News Intl Spec Div — Collins (W.) — Octopus Publishing
PAPERS (2)
Eucalyptus Pulp — Valin Pollen Intl
PROPERTY (2)
Speyhawk — Tops Estates
SHOES (1)
Garnar Booth
TEXTILES (1)
Crowther (J.)
TRUSTS (8)
Dundee London — Do Cap — Lowland Inv — Close Bros — Meldrum Inv — Comp Fin Services — Tor Inv Inc — Henderson Admin
OILS (1)
Tricentrol
MINES (1)
Western Continental

NEW LOWS (32)

AMERICANS (2)
FPL — Imatron Inc
BANKS (2)
Allied Irish — Bank of Ireland
STORES (1)
Gent (S. R.)
ELECTRICALS (3)
BSR Intl — HB Electronic Comps — Crystalate
FOODS (1)
Slaters Food
INDUSTRIALS (5)
Clarke (C.) — Sidlaw — Dwek — Stag Furniture — Henara
LEISURE (2)
Anglia TV A — Spectrum
TRUSTS (2)
North Sea Assets — Centreway Trust
OILS (1)
Meridian Oil
MINES (4)
Enterprise Gold — Pahang Cons. — Malaysia Mining — Petaling Tin

RISES AND FALLS

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	21	42	43	313	96	119
Corporations, Dom. and Foreign Bonds	10	2	54	99	24	242
Industrials	183	463	786	1,326	1,630	4,254
Financial and Props.	58	232	257	405	779	1,555
Oils	25	46	53	119	171	326
Plantations	1	11	5	15	37	33
Mines	79	38	61	290	221	379
Others	26	144	54	212	608	291
Totals	403	984	1,323	2,779	3,566	7,186

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price	Day's change	Stock	Closing price	Day's change
Commercial Union	210	+ 5	Hepworth Ceramic	134	− 8
Eucalyptus Pulp	505	+30	Hepworth (J.)	182	−10
Falcon Resources	474	+15	ICI	782	+15
Foseco Minsep	242	− 8	Prudential	590	—
Foster Bros	208	−14	Reed Ind	574	− 2
Glaxo	£11⅝	− 0⅛	Turner and Newall	107	− 5

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Thurs. close	Day's change	Stock	No. of changes	Thurs. close	Day's change
Bedfid (Wm)†	30	190	—	Vickers	20	266	− 1
Comm Union	30	205	+ 7	Cons Gold Flds	19	527	+ 4
ICI	30	767	− 8	BTR	12	690	−20
Falcon Res	27	459	+14	Thorn EMI	12	412	—
BAT Inds	26	341	−12	Waring Gillow	18	153	+13
Jaguar	26	313	−17	Glaxo	17	£11¾	− 0⅛
Rowntree Mack	21	408	+15	Royal Insce	16	812	+13

† New.

5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday

Stock	No. of changes	Last Thurs. close	Change on week	Stock	No. of changes	Last Thurs. close	Change on week
ICI	136	767	−43	Shell Trans	97	738	−37
BAT Inds	113	341	−30	Thorn EMI	88	418	− 7
Jaguar	112	313	−44	Glaxo	81	£11¾	− 0⅛
BTR	110	690	−30	Dunlop	79	65½	− 1
Falcon Res	110	459	− 9	Allied Irish Bk	75	102	−34
Cons Gold Flds	104	527	+49	GUS A	75	780	+53
SE	100	560	+22	Woolworth	74	880	+41

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1984/85 High	1984/85 Low	Stock	Closing price p	+ or −	Net dividend	Times covered	Gross yield	P/E Ratio
[illegible]											

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1984/85 High	1984/85 Low	Stock	Closing price £	+ or −
[illegible]							

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1984/85 High	1984/85 Low	Stock	Closing price p	+ or −
[illegible]							

Renunciation date usually last day for dealing free of stamp duty. [illegible]

STOCK EXCHANGE DEALINGS

LONDON TRADED OPTIONS

Option		Calls Apr.	Calls Jly.	Calls Oct.	Puts Apr.	Puts Jly.	Puts Oct.
B.P. (*545)	460	88	105	118	1½	5	10
	500	50	68	80	7	12	20
	550	18	31	47	23	30	40
	600	5	20	90	65	57	75
Cons. Gold (*512)	460	57	77	87	0½	5	10
	500	34	47	57	12	25	39
	550	8	28	35	47	55	50
Courtaulds (*146)	110	39	49	—	1½	0	—
	120	29	32	—	1½	0	—
	150	20	23	—	3	4	—
	140	11	10	21	5	5	30
	150	4	8	13	15	19	21
Com. Union (*209)	150	47	50	54	2	5	5
	180	28	53	38	5	5	10
	200	15	23	27	11	10	25
	920	5	—	—	25	—	—
G.E.C. (*196)	150	38	—	—	0	—	—
	180	20	30	40	2½	0	5
	250	8	18	25	11	14	18
	020	1	5	15	28	30	32
	240	1	3	—	46	45	—
Grand Met. (*285)	260	90	28	53	7	11	15
	550	0	15	97	95	30	32
	530	0	0	13	60	53	55
I.C.I. (*759)	700	97	117	—	1½	10	—
	760	59	75	57	15	29	97
	800	25	55	62	57	49	50
	850	10	28	37	72	80	57
	900	3	13	92	122	124	130
Land Sec. (*295)	960	40	—	—	1	—	—
	080	21	20	35	5	5	8
	300	0	15	22	11	18	10
	350	2	8	13	33	42	43
Marks & Sp. (*143)	190	29	52	38	1½	9	5
	130	19	23	28	2	5	5
	140	11	10	22	4	7	10
	150	8	7	10	17	20	23
Shell Trans. (*738)	560	170	—	—	0	—	—
	600	120	137	—	2	8	—
	550	75	90	150	4	10	13
	700	38	32	65	9	23	30
	750	13	22	40	47	52	58
	800	5	10	17	05	03	98
Trafalgar Hse (*332)	273	72	—	—	0	—	—
	293	32	58	—	2	2	—
	323	25	32	38	4	8	11
	353	11	10	25	20	04	07
	383	4	10	15	44	42	50

Option		Calls May	Calls Aug.	Calls Nov.	Puts May	Puts Aug.	Puts Nov.
BAT Inds. (*348)	280	50	90	—	2	3	—
	350	62	72	—	4	8	—
	330	40	50	58	10	17	22
	380	25	37	45	22	39	47
	390	0	20	28	50	37	32
Barclays (*387)	500	100	113	—	3	7	—
	830	37	73	90	15	18	23
	600	23	40	37	33	42	30
	850	7	12	30	37	70	72
Bt. Telecom (*138)	80	37½	50	—	0½	0½	—
	20	47½	50	—	0½	0½	—
	100	37½	40	—	1	2	—
	110	27½	30	—	1	2½	—
	120	13½	22	28	1½	4	4½
	150	10½	13	20	8	8	10½
	140	8½	10	13½	10	14½	18
Imperial Gp. (*187)	180	59	59	—	9	5	—
	150	18	24	99	7	10	13
	200	11	15	19	15	94	95
	220	3	5	12	38	40	42
LASMO (*351)	350	60	65	—	4	7	—
	330	55	47	55	11	15	22
	360	28	35	40	28	35	40
	390	19	29	07	53	50	65
Lonrho (*174)	140	35	40	—	1½	4	—
	150	38	25	27	3	7	5
	180	5	13	17	11	15	15
	200	8	5½	—	29	31	—
P. & O. (*388)	300	68	88	—	2	5	—
	330	45	85	53	4	8	13
	560	29	35	49	17	92	97
	390	9	20	—	35	57	—
	490	5	9	—	55	55	—
Racal (*214)	180	40	48	55	2	4	7
	050	24	52	40	5	10	12½
	220	15	20	28	14	18	24
	240	4	11	—	98	30	—
R.T.Z. (*567)	500	77	92	105	8	12	20
	550	38	57	70	22	59	44
	700	21	33	44	80	54	74
Vaal Reefs (*894)	80	17½	20	23	9½	4½	7
	00	12	14	17	8	9½	19
	100	7	9½	11	11½	14	15½
	110	3½	5½	—	18½	90½	—
Ex. 10% 1989 (*294)	00	4	5	—	0	0	—
	92	2	5	4	0	0	0
	94	1	0	9	0	1	1
	95	0	1	1½	1	2	8
	98	0	0	—	3	3½	—

Option		Calls June	Calls Sept.	Calls Dec.	Puts June	Puts Sept.	Puts Dec.
BTR (*690)	550	65	78	—	13	20	—
	750	52	40	69	37	47	54
	750	18	28	40	88	70	52
Beecham (*383)	330	47	55	—	5	5	—
	350	22	33	40	12	18	03
	300	11	18	02	33	38	38
Bass (*541)	450	102	115	—	5	5	—
	500	65	80	90	10	13	20
	550	07	42	55	98	57	42
De Beers (*54.93)	390	120	140	—	8	13	—
	420	05	115	—	15	07	—
	460	55	85	150	27	40	82
	600	42	82	75	48	65	75
GKN (*233)	180	53	52	—	2	2	—
	200	34	40	—	4	7	—
	020	20	27	34	10	12	15
	240	10	18	22	20	23	97
Hanson (*212)	187	54	37	—	3	7	—
	200	24	20	—	9	14	—
	220	13	10	23	13	12	22
	240	7	10	17	33	38	32
Jaguar (*314)	280	43	48	—	3	8	—
	300	31	38	48	10	14	12
	330	17	22	28	23	28	30
	360	7	12	18	47	40	33
Tesco (*244)	200	49	—	—	3	—	—
	220	29	33	35	4	7	10
	240	17	21	25	12	14	21

Option		Calls Mar.	Calls June	Calls Sept.	Puts Mar.	Puts June	Puts Sept.
FT-SE Index (*1298)	1150	174	182	—	1	8	—
	1178	182	137	—	1	12	—
	1200	127	117	187	1	20	30
	1260	82	80	08	2½	33	58
	1350	15	48	70	18	33	73

Mar. 22. Total contracts 7,202 Calls 4,883. Puts 2,312
* Underlying security price.

EUROPEAN OPTIONS EXCHANGE

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C	$500	10	28	1	34	80	41	$814.70
GOLD C	$520	—	—	25	24	10	30	"
GOLD C	$523	140	12.90 A	—	—	—	—	"
GOLD C	$340	—	—	40	15	—	—	"
GOLD C	$580	109	5.20	—	—	—	—	"
GOLD C	$360	—	—	51	0.50	0	14	"
GOLD P	$380	—	—	95	8	—	—	"
GOLD P	$280	20	2.40	40	3.50	5	13	"
GOLD P	$307	252	5	—	—	20	0	"
GOLD P	$325	82	13	—	—	—	12	"
		June		Sept.		Dec.		
$/FL C	Fl.355	55	15.80	—	—	—	—	Fl.553.40
$/FL C	Fl.560	121	19.70	—	—	—	—	"
$/FL C	Fl.565	52	10.50 A	8	15.50 0	11	13.50	"
$/FL C	Fl.370	974	8.90	1	11.60 B	—	—	"
$/FL C	Fl.575	147	5	15	0.80 B	—	—	"
$/FL C	Fl.360	171	4.00	5	8.50	—	—	"
$/FL C	Fl.585	157	3.60 B	—	—	—	—	"
$/FL C	Fl.500	40	3	115	0.60	—	—	"
$/FL C	Fl.395	309	2	1	4.50	—	—	"
$/FL P	Fl.325	95	1.70	—	—	—	—	"
$/FL P	Fl.530	21	0.50	—	—	—	—	"
$/FL P	Fl.340	155	3.90	—	—	—	—	"
$/FL P	Fl.345	38	5	55	10.30	—	—	"
$/FL P	Fl.350	140	7.20	—	—	—	—	"
$/FL P	Fl.355	95	9	19	14.70	—	—	"
$/FL P	Fl.580	141	11.20	7	17	—	—	"
$/FL P	Fl.370	12	18.80	85	21.50	—	—	"
$/FL P	Fl.575	05	90 A	1	95	—	—	"
$/DM P	DM.320	250	10.80	—	—	—	—	DM322.20
£/$ C	$110	80	8.80 A	15	10 A	—	—	$117.15
£/$ C	$115	206	5.20	58	5.80	—	—	"
£/$ C	$120	030	3	5	5	3	8.30 A	"
£/$ P	$115	0	4.20 A	550	5.80	—	—	"
		Apr.		Jul.		Oct.		
ABN C	Fl.380	72	28.80 A	3	31	—	—	Fl.406.50
ABN P	Fl.400	49	3.50	4	15.60	—	—	"
AEGN C	Fl.100	213	5.80	155	10.50	—	—	Fl.188
AEGN P	Fl.180	73	2.60	82	7.30	—	—	"
AH C	Fl.230	37	3	24	8	—	—	Fl.223
AKZO C	Fl.110	723	3.30	189	5.60	00	2.50	Fl.110.80
AKZO P	Fl.100	13	0.50	143	2.70	165	4	"
AMRO C	Fl.73	23	2	106	3.00	—	—	Fl.75.90
GIST C	Fl.100	25	1.20	50	4.80	10	2	Fl.184
HEIN C	Fl.160	40	2.80	102	8	2	7.30	Fl.158.30
HEIN P	Fl.150	11	0.30	10	3	64	3.50	"
HOOG C	Fl.50	101	2.60	73	4.80	—	—	Fl.50.30
HOOG P	Fl.55	05	4.90	051	8.30 B	—	—	"
KLM C	Fl.58	105	0.70	347	2.70	24	3.90	Fl.80.20
KLM P	Fl.80	58	1.70	175	4.10	1	3.70	"
NEDL C	Fl.180	270	3.30	124	0.60	12	14.30	Fl.180.80
NEDL P	Fl.150	—	—	82	3.30	—	—	"
NATN C	Fl.72.80	45	1	155	3.50	3	4	Fl.69.80
NATN P	Fl.67.50	—	—	25	2.50	—	—	"
PHIL C	Fl.60	443	2.10	707	3.40	1040	4.80	Fl.81.30
PHIL P	Fl.50	117	0.80	113	2.30	33	2.90	"
RD C	Fl.200	871	3.40	180	5.50	245	0.20	Fl107.50
RD P	Fl.200	454	3.10	27	11.30	28	14.80	"
UNIL C	Fl.360	37	2	4	7	18	10.80	Fl.346
UNIL P	Fl.320	—	—	39	4.10 B	—	—	"

TOTAL VOLUME IN CONTRACTS: 26,034

A=Ask B=Bid C=Call P=Put

Applied Holographics Wts to sub for Ord 205●
BTS Gp New (10p) (Fp/AL-19/4/85) 75 6 7
Biomechanics Intntl (10p) 13
Bluebird Toys (10p) 135 7 40
Cluff Oil 8 46 7 (20/3). Wts to sub for 6 Ord 12
Cobra Emerald Mines nov 101 (10/3)
DDT Gp (5p) 164 (20/3)
Eldridge Pope A (£1) 1980
Gibbs Mew 1350 400
Intervision Video (Hldgs) 7pcPf (£1) 21
Kenyon Secs 2370
Mayhew Foods New (10p) (Fp/LA-12/4/85) 120 1 2 3 5
Memcom Intntl Hldgs (10p) 270 5 83
Optometrics (U.S.A.) (S0.01) 420
Osborne & Little (5p) 200 5 3. New (5p) (Fp/LA-22/4/85) 2050 80
Paul Michael Leisurewear (5p) 25½ 6
Pepe Gp (10p) 102. New (10p) (Fp/LA-14/4/85) 199 1 2 3 4
Petrolex (3pc) 67
Sangers (Ex Cap, Ex Rts) 31 2 3 ½ 4 ½ 5 ½ 6. 6.85pcPf (£1) 30. (19/3). 5.23pcPf (£1) 68½. 11pcLn 1004-2002 (Fp/AL-11/4/85) £135 6 7
Sims Catering Butchers plc New 6p (11/4/85) 155 8 6
Spectra Automotive & Eng Prods (10p) 42
Swindon Private Hospital (£1) 175 (19/3)
Systems Computer Services (5p) 215 7 25
Synterials (10p) 6 (20/3)
Thermax Gp (5p) 77
Utd Friendly Insurance 6 (10p) 3480

Wheelock Marden A 76
Wheelock Marden B 7½
Woolworths (A$0.50) 205 (12/3)
World Intnl (Hldgs) 19 (20/3)
Wormald Intnl 222 (20/3)
Zanex 110 (20/3)

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Abertovia 550 (15/2)
Abitibi-Price £35
Acmex Hldgs 990 (10/3)
Acorn Securities 17 (20/3)
Admiral Mines 12
Advanced Micro Devices £28½ (20/3)
Agnico-Eagle Mines 990 (20/3)
Air Express Intnl 550 (20/3)
Alliance Oil Development 99 (16/3)
Amatil 265
American Home Products £53½ (18/3)
Ames Department Stores US$34½0 (15/3)
Ampol Expln 1400
Ampol 113 (19/3)
Amsterdam-Rotterdam Bank Fl 74½0 (20/3)
Anglo Gold Mines 4 (19/3)
Anheuser-Busch £87¼ (18/3)
Apple Computer £18½0
Applied Magnetics US$13½ (20/3)
Ariadne Australia 53½ 4
Ashton Mining 57
Assoc Dry Goods £48½0
Atlantic Richfield £45¼0 (19/3)
Atlas Industries 10½0 (19/3)
Aust Foundation Inv 84 (18/3)
Aztec Expln 13 (19/3)
Bamboo Gold Mines 200 (18/3)
Basic Resources Int (Bahamas) 70
Bearcat Explns 70 (18/3)
Bell Grp 415 (19/3)
Berjuntai Tin Dredging 145 (18/3)
Boral 207 (15/3)

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange.

Airship Inds (1p) 20½ ½ 1 ½
Airship Inds (25p) 20
All England Lawn Tennis Gnd £500Db 1986-90 (£28.75 pd) £6,250 300 (19/3)
Allied Entertaine (£1) 101 ¼ (20/3)
Amal Metal Corp (£1) 290 310 (19/3)
Anglo-Am Agric 44½ 5
Arsenal FC (£1) £515 25 (18/3)
Avesco (1p) 51 (18/3)
Berkeley 7th Round (£1) 10 (20/3)
Barad Intnl (10p) 25 7 6 (10/3)
Business Mortgages 140 (15/3)
Cannon St Invs (20p) 16 20 2 3
Carraun (10p) 4 5
Celltech (£1) 250
Crown Intnl Prods (10p) 100 (18/3)
Crusts (10p) 140 50 1
Dawson (Wm) (10p) 348 50 3 (20/3)
De La Mare (W.H.) (£1) 520 (18/3)
Dolamore (10p) 32½ 3½
Dolamore New (10p) 29½ ½
Eadie Bros (£1) 85 (18/3)
Fleming Prop Unit Tst (Units) £1070 (19/2)
For Eyes (1p) 30 1 2 3
Haden 6pcPf (£1) 50 ¼
Hard Rock Cafe (2p) 48 52 (19/3)
Hartley Baird (5p) 5 6
Harvard Securities (2p) 35 ¼ (18/3)
ICE (1p) £15.40 .50 .60 .70
Indl Precision Castings (10p) 22 (19/3)
Integrated Business Comms 82 (19/3)
Jennings Bros 200 2 5 10 (19/3)
Jersey Gas (£1) 195 200 (15/3)
Jersey Gas 5pcAPf (£1) 33 7 (15/3)
Kunick Leisure (10p) 45 8 ½
Leisure Invs (10p) 21 2 (20/3)
Le Riches Stores (£1) 435 6 (20/3)
Newbury Racecourse (£100) £740 60 (18/3)
Norton Villiers Triumph (10p) 4 ½ (18/3)
Pahang Cons 28 30 1½ (16/3)
Pex Hldgs 11.75pcPf (£1) 184 ¼ ½ (10/3)
Pittencrieff Pet (£1) 105 (19/3)
Sinclair Research £14.50 15.00 (20/3)
Snowdon Mtn Railway (10p) 87 92 (20/3)
Sodastream (£1) 206 7 (20/3)
Sodastream Nil Paid (£1) 109 10 (20/3)
Southern Newspapers (£1) 290 5 (15/3)
Stead and Simpson 4½pcPerp £33 7 (18/3)
Taddale Invs (10p) 18½ 0 ¼ 20 1 (20/3)
UTC Trading Corp (5p) 28½ (18/3)
Utd Tst & Credit (£1) 245 50
Weetabix A (Non-Vtg) 124 6 (15/3)
Wordent Intnl (5p) 10¼ (10/3)

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration.

Celtic Basin Oil Exp (£1) 5 7 (18/3)
Energy Sources 6 (Dest Vtg) (10p) 5½ (19/3)

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APPOINTMENTS

Marketing director for F. W. Woolworth

Mr Mike Sommers is joining F. W. WOOLWORTH as marketing director from April. He comes from International Stores where he was marketing director.

★

Mr R. F. Dowlen, group aviation underwriter of the Commercial Union Assurance Group, has been elected chairman of the AVIATION INSURANCE OFFICES' ASSOCIATION. He succeeds Mr D. F. Floyd, group aviation underwriter of the Eagle Star Group. Mr S. H. Peel, aviation underwriter of the Orion Insurance Company, has been elected deputy chairman. Mr J. M. Lloyd, aviation underwriter of the Mercantile and General Reinsurance Company, has been re-elected honorary secretary and treasurer.

★

STANLEY GIBBONS has appointed Air Marshal Sir Peter Horsley as a non-executive director. Sir Peter is a distinguished philatelist who has won medals for his collections and has written extensively on the subject. He is a director of a number of companies including M L Holding, IDS Aircraft Company, and Yorkshire Ski-ing. Between 1975 and 1978 he was deputy chairman and later chairman of stamp auctioneers Robson Lowe, now a division of Christies.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Abbey Unit Tst. Mngrs. (a)
1-3 St Paul's Churchyard, EC4P 4DX. 01-236 1833

High Income				
Gilts & Fixed Int.	108.6	114.9xd	+0.5	10.64
High Inc Equity	72.0	76.6	-0.3	6.06
Worldwide Bond	150.4	160.0xd	-1.7	6.06
Capital Growth				
American Growth	131.5	139.9	-0.9	1.56
Assets & Ergs. Tt.	75.2	80.4	-0.7	3.61
Capital Reserve	54.3	54.6xd	.....	0.77
Commodity & Engy	74.8	80.0xd	.....	3.24
General	104.1	111.3	-1.0	2.92
Japan	172.3	183.3	-4.5	—
UK Growth	72.8	78.3	-0.2	1.97
Acc. Units	102.8	110.6	-0.2	1.97
U.S. Emerging Co's	57.2	60.9	-0.5	0.43
Equitas Prog.	159.1	170.2	-1.5	3.04

Aitken Hume
30, City Road, EC1Y 2AY. 01-628 6626

American Tech Fd	130.9	140.0	+0.7	0.10
Pacific Fd	132.6	142.0	-1.0	0.20
Secured Income Fd	143.9	154.0	-0.8	5.50
Special Sits	168.2	179.0	-1.1	1.56
Energy Fd	38.2	40.8	+0.2	0.60
American Majors	58.5	62.5	+0.5	1.56
Small Co's Fd (10for1)	30.5	32.6xd	+0.1	1.97
Jap. Technology	67.9	72.6	-1.2	0.10
International Income	—	—	.....	—

Allied Unit Trusts Limited (a)(g)
Allied Hambro House, Hutton, Brentwood, Essex Brentwood. (0277) 211459 & 229123

INSURANCES

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

Wwd Gth Fd $11.70 +0.11 —
Inv Adv M & G Inv Mngt Ltd, London

Wren Commodity Management Ltd
18 St George St, Douglas, IoM. 0624 25015

Wren Cm Fd	12.6	13.4	....	3.19
Chinese Fd	58.2	60.6	....	1.70
Prec Met Fd	67.3	79.1	....	8.30
Van Cmdy Fd	10.3	19.8	....	—
Fin Fut	32.1	33.3	....	—

Yamaichi Dynamic Mngt Co SA
10a Boulevard Royal, Luxembourg.
Dynamic Gth Fd 58.74 +0.09 —

Money Market Trust Funds

	Nom	CAR	Int Cr	Notice
The Money Market Trust				
63 Qn Victoria St, EC4P 4ST.			01-238 0952	
Call Fund	14.20	14.64	6mth	Call
7-day Fund	14.28	14.02	6mth	7-day
Oppenheimer Money Management Ltd				
66 Cannon St, EC4N 6AF.			01-236 1425	
Call Fund	14.50	16.00	6mth	Call
7-day Fund	14.59	15.12	6mth	7-day
OpIlFr	7.37	7.50	8mth	1-day
MnyMgAcc	14.00	14.76	6mth	Call

Money Market Bank Accounts

	Nom	CAR	Int Cr	Notice
Aitken Hume				
30 City Road, EC1Y 2AY.			01-838 8070	
Treas Acc	13.75	14.48	Qtr	Call
MthIncChq	13.50	14.67	Mth	Call
Bank of Scotland				
38 Threadneedle St, EC2P 2EH.			01-828 8080	
Cheque Acc	12.60	13.35	Mth	Call
Barclays Prime Account				
PO Box 125, Northampton.			0804 252891	
HighIntChq	13.58	14.10	Qtr	Call
Britannia Grp of Investment Companies				
20 Finsbury Circ, EC2M 5QL.			81-558 2777	
Cater Allen	13.25	14.00	Mth	Call
Charterhouse Japhet plc				
1 Paternoster Row, EC4M 7DH.			01-248 3000	
Sterling	13.25	14.888	Mth	Call
U.S. Dollar	8.00	8.350	Mth	Call
German Mark	5.0	5.115	Mth	Call
Swiss Franc	2.0	2.010	Mth	Call
Japanese Yen	6.0	5.115	Mth	Call
Co-operative Bank				
76-68 Cornhill, EC3.			01-628 8543 Ext 464	
Under £1,000	12.00	12.58	Qtr	Call
Over £1,880	14.00	14.78	Qtr	Call
Dartington & Co Ltd				
Dartington, Totnes, Devon, TQ9 6JE.			0803 802271	
MnyMktAcc	13.50	14.28	Qtr	Call
Henderson/Bank of Scotland				
38 Threadneedle St, EC2P.			01-628 0050	
MyMthCoAc	12.00	13.35	Mth	Call
Lombard North Central plc				
17 Bruton St, W1A 3DH.			81-485 3434	
14-day Notice	13.25	13.88	Rate	14-day
M & G Kleinwort Benson				
81-90 New London Rd, Chelmsford.			0248 51651	
HighIntChq	13.50	14.40	Daily	Call
Midland Bank plc				
PO Box 2, Sheffield.			0742 20999 Ext 8738	
HighIntChq	13.38	14.05	Qtr	Call
Provincial Trust (formerly Choulartons)				
30 Ashley Rd, Altrincham, Cheshire WA1 2DW.			081-928 0011	
Cheque Acc	14.00	14.03	Mth	Call
Save & Prosper/Robert Fleming				
28 Western Rd, Romford, RM1 3LB.			0788 66966	
High Int Acc	13.38	14.30	Daily	Call
Premier Acc	13.36	14.30	Daily	Call
Tyndall & Co				
20-33 Princess Victoria St, Bristol BS8 4BX.			8272 732281	
Demand Acc	13.91	14.66	Qtr	Call
Money Acc	13.75	14.47	Qtr	Chq/7
J. Henry Schroder Wagg & Co Ltd				
Enterprise Hse, Portsmouth			8705 827733	
SpecialAcc	14.00	14.03	Mth	Call
Ovr£18,080	14.25	15.22	Mth	Call

NOTES—CAR: compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered prices include all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. :: Only available to charitable bodies. ♠ Yield column shows annualised rates of NAV increase.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1984-85 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
98¾	95½	Treas 3pc 1985	98¾	+⅛	[illegible]	13.59
102¾	99½	Treas 11½pc 1985	99½	−⅛	[illegible]	13.07
99¾	96½	Treas 8¾pc Cnv '85	98¾	.....	[illegible]	12.47
104½	99½	Exch. 12¼pc 1985	100	.....	[illegible]	12.13
103½	99½	Exch. 11¼pc '86	99¾	.....	[illegible]	11.85
102½	96½	Treas. 10pc Cnv 1986	98½xd	+⅛	[illegible]	10.66
94½	88¾	Treas 3pc 1986	93⅝	−⅛	[illegible]	8.94
102	96¼	Exch. 10½pc Cv '86	98½	+⅛	10.6	11.85
104½	99½	Treas 12pc 1986	100	+⅛	[illegible]	11.94
98¾	93½	Treas 8¾pc 1984-86‡‡	96¼	.....	[illegible]	11.68
108½	102½	Exch. 14pc 1986	103½	+⅛	13.5	11.67
89¾	85	Exch. 2½pc 1986	88½	−⅛	2.81	9.86
107½	100½	Exch. 13¾pc 1987	102½	.....	12.93	11.69
100¾	94½	Treas 10¼pc Cv '87	97½	+⅛	10.51	11.70

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BEERS, WINES—Cont.

BUILDING, TIMBER, ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INSURANCES

LEISURE

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

MINES—Continued

Finance

Australians

Tins

Miscellaneous

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♠ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	98	.....	Arnott	176	+1
Craig & Rose £1	£10	.....	CPI Hldgs	57	.....
Finlay Pkg. 5p	58	.....	Carrol Inds.	111	.....
Higsons Brew	118	.....	Dublin Gas	60	.....
Holt (Jos) 25p	900	.....	Hall (R. & H.)	48	.....
IoM Stm. £1	132	-3	Heiton Hldgs.	16½	.....
IRISH			Irish Ropes	40	.....
Exch. 12% 1985	£99½	.....	Jacob (W.& R.)	67	+2
Nat. 9¾% 84/89	£85¾	.....	TMG	115	.....
Fin. 13% 97/02	£93⅝	.....	Unidare	[illegible]	.....

OPTIONS—3-month call rates

Industrials	p				
Allied-Lyons	16	GKN	17	Turner Newall	20
BAT	32	Hanson Tst.	17½	Unilever	85
BOC Grp.	25	Hawker Sidd	38	Vickers	19
BSR	16	Hse of Fraser	30	Property	
BTR	52	ICI	60	Brit Land	12
Babcock	14	'Imps'	15	Cap Counties	18
Barclays	48	Jaguar	28	Land Secs	25
Beecham	32	Ladbroke	24	MEPC	28
Blue Circle	45	Legal & Gen	50	Peachey	22
Boots	15	Lex Service	28	Samuel Props	14
Bowaters	28	Lloyds Bank	45	Oils	
Brit Aerospace	33	Lucas Inds	25		
Brit. Telecom	11	Marks & Spcr	11	Brist. Oil & Min	4
Brown (J.)	3	Midland Bk	30	Brit Petroleum	42
Burton Ord	39	NEI	8	Burmah Oil	23
Cadburys	14	Nat West Bk	60	Charterhall	6
Comm Union	19	P & O Dfd	36	Premier	5
Courtaulds	12½	Plessey	17	Shell	60
Debenhams	17½	Polly Peck	26	Tricentrol	18
Distillers	28	Racal Elect	18	Ultramar	39
Dunlop	4	RHM	11	Mines	
FNFC	8½	Rank Org Ord	32		
Gen Accident	45	Reed Intnl	50	Charter Cons	18
Gen Electric	17	Sears	8	Cons Gold	44
Glaxo	85	TI	28	Lonrho	14
Grand Met	25	Tesco	20	Rio T Zinc	56
GUS 'O'	60	Thorn EMI	35		
Guardian	60	Trust Houses	13		

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 26

FINANCIAL TIMES

Saturday March 23 1985

MAN IN THE NEWS

Thatcher's company doctor prescribes

BY PETER RIDDELL

LORD YOUNG of Graffham sees himself as the midwife of the Government's efforts to encouraga enterprise and job creation — belping things to happen rather than implementing them and taking the public credit.

Yet he is widely credited in Whiteball with a large share of the parentage of Tuesday's Budget. The expansion of the Youth Training Scheme emerged from a ministerial committee on 14 to 18-year-olds wbich he chaired, and whose other results will be reflected in a White Paper before Easter. Similarly, be was a strong advocate of the expansion of the Community programme and bis emphasis on removing disincentives to employment contributed to the proposed restructuring of national insurances.

There is no dispute that Lord Young has acquired a major influence over government policy in the six months since he moved from chairing the Manpower Services Commission to become Minister without Portfolio in the Cabinet. He chairs four ministerial committees (youth training inner cities, small firms and deregulation) with other projects on the way, and he recently led a high-powered trade mission to China.

Lord Young also has the ear of those wbo matter in the government, not only his original patron, Sir Keith Joseph, but also Nigel Lawson, and, crucially, the Prime Minister herself, who respects his ability to come up with solutions rather than obetacles to change. He has become the company doctor of this administration, even more so that Lord (Harold) Lever was from 1974 to 1979.

All this has required some delicacy. Lord Young has the advantage of being personally well liked and his practical approach has been contrasted favourably with what was widely seen as the backroom theorising of Sir John Hoskyns, the first head of the Downing Street Policy Unit.

Lord Young is well aware of the need to avoid rousing the jealousies of departmental ministers. Describing himself as an underlord, whose job is to get ministers talking together, he works with departments to remove obstacles to enterprise, backed by e team of 10 in the Cabinet Office. But, be concedes, this involves nagging and cajoling other ministers, and at times this has rankled.

At first there was some manoeuvring over turf and some ministers still feel that Lord Young's empire bas grown too large and absorbs too much departmental time and effort. The greatest sensitivity, and overlap, is with the Department of Employment and Lord Young has been careful not to take any of the limelight away from Tom King, who has announced the latest measures.

Lord Young regards the Budget as only a little bit of the programme and be insists that the main radical steps are still ahead. He often mentions the word incentive and clearly sees tha removal of obstacles to encouraging enterprise as more significant than special schemes. Most important are the decisions on the social security review and personal taxation which provide the opportunity to look at the relationship between tax thresholds and social security benefits.

His main immediate priority is deregulation. He argues, for instance, that the virility of an economy is in inverse proportion to the number of regulations. One of his team recently visited Washington to study the U.S. cuts in regulations.

Lord Young's agenda and influence are in themselves evidence that the Government still retains its radical aspirations and has not yet settled down to Tory consolidation.

Gen Pascoe to command Army in Ulster

By Our Belfast Correspondent

ULSTER'S General Officer Commanding, Lieutenant - General Sir Robert Richardson, will retire in June to be replaced by Major - General Robert Pascoe, currently Chief of Staff, United Kingdom Land Forces.

The disclosure coincides with the naming of a former SAS commander, Brigadier Anthony Jeapes, to take up the Army's number two position in the Province from Monday.

In 1979, when the former MI6 head, the late Sir Maurice Oldfield, was appointed chief security co-ordinator in Northern Ireland, General Pascoe served under him on attachment while Assistant Chief of the General Staff.

Minister wants lower pay demands to aid workless

BY PETER RIDDELL, POLITICAL EDITOR, IN NEWCASTLE

MR TOM KING, the Employment Secretary, warned last night that the impact of the Budget in creating jobs and reducing unemployment could be lost unless unions moderated wage demands.

He was speaking on the first day of a Conservative Central Council meeting of party activists in Newcastle upon Tyne, when ministers counter-attacked over unemployment, using some techniques adopted by President Ronald Reagan in his re-election campaign last year.

Mr John Gummer, the party chairman, claimed that the £2½bn cost of the coal strike was a "Scargill tax" which otherwise could have been used to belp jobs and the low-paid.

Mr King's theme was that tha unions could help ensure that hte Budget's impact on unemployment was "substantial by behaving in their wage negotiations with moderation and good sense. If they persist in trying to extract even higher wage increases, then we will not get the extra jobs, and they will be to blame."

After noting that unit wage costs were rising by 6 per cent a year, be said that the changes in budget tax and national insurance would add 4 per cent to the net take-home pay of someone earning £90 a week.

He therefore appealed to unions to help employers create jobs through wage moderation, which could be afforded by their members as a result of the Budget.

Mr King stressed his department's major role in the Budget strategy for jobs as a result of the training, deregulation and job creation measures.

Earlier Mr Gummer mounted a strong defence of the Government's record in e strongly patriotic appeal centring on the theme: "Britain's back on the marcb again, and Britain's winning through."

This message of empbasising strength and success, linked with the mention of the word Britain et least 20 times, closely follows the theme of "America walking tall again" wbich Mr Reagan used so successfully last yeer, and which dominated the Republican Convention in Dallas last August, whicb Mr Gummer attended.

Mr Gummer attacked Labour and Alliance criticisms that a consensus had developed against Government policy. He said this consensus was the "spendthrift economics" of the old Lib-Lab pact of the late 1970s, which led to high inflation and unemployment.

Mrs Margaret Thatcher and Mr Nigel Lawson, the Cbancellor, are dua to speak to the council today.

Walker urges miners to change leadership, Paga 5

Council manual pay deal agreed

BY PHILIP BASSETT, LABOUR CORRESPONDENT

THE GOVERNMENT secured agreement yesterday on one of the most important pay deals in the public sector when local authority manual workers annouced acceptance of en offer worth between 4.7 per cent and 5.7 per cent, about £4 a week.

The deal, for 900.000 council manuel employees, is traditionally a pace-setter in the public sector.

Many union negotiators, faced with offers of about 4 per cent, surprised that the council offer was pitched so higb. Groups such as teacbers and civil servants are likely to use tha settlement as a bargaining counter in their pay talks.

In percentage terms the agreement is roughly comparable with offers already made in the normally higher-settling public utilities of water, gas and electricity.

Water authority employers last night made a small overall improvement to their pay offer tothe industry's 27,000 manual water and sewerage workers, increasing it to a "final" 5.2 per cent. The unions said the total package was worth 5.6 per cent.

Union leaders said there bad been "significant improvements" in the offer, which bas been reshaped to give a £5.24 flat-rate increase, with offers of further talks on important areas of pay consolidation and productiviyt.

The unions agreed to put the offer to their members, with no recommendations, with a reply by April 26.

Council union leeders believe the local authority employers made tbeir offer partly because council workers bad begun to co-ordinate action with tha teachers. causing the employers to fear the opening of a second front.

Public service union officials intend to use this example to illustrate the need for greater co-operation in pressing pay claims, wben they speak next Tuesday at a special conference called on the issue by the TUC.

Although the unions made no recommendetion when they pnt the councils' offer to their members, they described it as "respectable."

It was accepted by 58 per cent to 42 per cent in the General Municipal and Bollermakers' Union; 69 per cent to 31 per cent in the National Union of Public Employees; and about two to one in the Transport and General Workers' Union.

The deal, spread over 10 months and backdated to November 4, will add £4 across the board to present rates, which range from £70.30 to £85.25 for a 39-bour week.

Union leaders said that they expected tangible gains from talks with the employers on pay grading structures, which should be completed by September 1 when the next pay award is dne, and from longer-term talks on working time.

Mr John Edmonds, GMBU public services national officer and an expected candidate in the union's forthcoming election for a general secretary, said the unions regarded the agreement as "no more than a bolding operation."

The GMBU will hold a special conference next month to plan a pay campaign supporting the September claim.

Mr Edmonds said: "Over 40 per cent of GMBU representatives voted for industrial action this year.

"If the grading structure talks don't produce real benefits for our low-paid members, another 'dirty jobs' strike seems inevitable this autumn."

Ohio bank crisis official sacked

BY PAUL TAYLOR IN NEW YORK

EFFORTS TO resolve the Ohio savings bank crisis were plunged into confusion yesterday after the state'e governor sacked the state official responsible for overseeing the re-opening of the banks and asked seven of them which had re-opened without state permission to close their doors again.

Gov Richard Celeste ordered the state's 71 privately-insured savings banks to close eight days ago after tha collapse of the largest, Home State Savings, triggered a run on their deposits. Gov Celeste said he was replacing Mr Thomas Batties, the state'a recently appointed superintendent of savings and loans, with Mr Robert McAlister, a prominent local lawyer.

The governor gave no reason for tha surprise move but said in a prepared statement that Mr Batties had "rendered yeoman's service to the state" through the savings bank crisis. Gov Celeste added: "He's performed extraordinarily well under extremely difficult circumstances and I am grateful for his dedication."

However, the governor's office added later that the decision was taken because "the governor decided we needed some extra belp in that area." Mr Batties, who had held the job for just a few weeks and would return to his previous position as legal counsel to the department, "was appointed at a time when we did not know there would bea problem of this magnitude."

The job switch comes at a crucial time for the state'e savings industry. Under state legislation passed earlier this week the superintendent is responsible for authorising tha reopening of the savings banks after they bave applied — and proved themselves eligible—for federal deposit insurance.

So far three of the banks have been formally allowed to reopen under the new rules. However, it emerged yesterday that seven others bad jumped tha gun and reopened their doors for full service without state approval.

Under separate state legislation all but one of the savings banks beve been allowed to provide depositors with up to $750 eacb in emergency cash. According to state banking officials the seven had used this loopbole to resume full operations.

Yesterday Ohio's banking department asked, but did not demand, that these seven close. State banking officials described the request as a "procedural step" designed to ensure an orderly re-opening of the hanks without the threat of a new run on their deposits.

There were also reports yesterday that there bad been a flood of inquiries about federal deposit insurance from privately-insured savings banks in other parts of tha U.S.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			FALLS		
Aspinall	141	+ 9	Speyhawk	222	+ 19
BAT Inds	351	+ 10	Thorn EMI	430	+ 12
BTR	706	+ 16	Tricentrol	228	+ 10
Belhaven Brwy	55	+ 5	Turriff Corp	325	+ 25
Brit Car Auction	87	+ 6	Wolst'holme Rink	285	+ 10
Britoil	228	+ 6	**FALLS**		
Commercial Union	210	+ 5	Treas 2½pc I.L. 2020	£93½	− ¼
Eucalyptus Pulp	505	+ 30	Anglia TV A	138	− 7
Gerrard & Natl	375	+ 15	Beatson Clark	145	− 27
Ibstock Johnsen	300	+ 10	Foster Broe	206	− 14
ICI	782	+ 15	Grand Metrop.	283	− 7
LASMO	350	+ 10	HTV	134	− 9
Petrolex	75	+ 7	Hapworth Ceramic	134	− 6
Sale Tilney	570	+ 28	Hepworth (J.)	182	− 10
			Turner & Newall	107	− 5

WORLDWIDE WEATHER

Cloudy and rather cold with rain in most areas of Scotland, Wales and England, becoming drier on Sunday.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	10	50	Corfu	S	15	61	Luxmbg	C	9	48	Paris	F	8	48
Algiers	C	15	59	Dallas	C	11	52	Madeira	C	18	61	Peking	S	12	54
Amsdm	R	9	48	Dublin	R	3	37					Perth	S	29	84
Athens	R	12	54	Dbrvnk	C	15	59	Madrid	C	15	59	Prague	F	8	43
Bahrain	C	23	73	Ednbgh	C	5	41	Majorca	S	19	66	Rykjvk	S	4	39
Barclna	F	16	61	Faro	F	18	64	Malaga	S	20	68	Rhodes	S	17	63
Beirut	S	18	64	Florence	F	12	54	Malta	F	17	63	Rio J'o†	—	—	—
Belfast	R	3	37	Frankft	S	7	45	M'chestr	R	5	41	Rome	F	15	59
Belgrd	S	9	48	Geneva	R	2	36	Melbne	S	24	75	Salzbrg	S	9	48
Berlin	C	11	52	Gibrltr	F	17	63	Mx. C†	—	—	—	S'cisco†	F	8	46
Biarritz	C	11	52	Gl'sg'w	R	5	41	Miami†	C	21	70	Stiago†	—	—	—
Bmghm	R	5	41	G'rnsey	C	5	41	Milan	R	4	39	Stckhm	R	1	34
Blckpl	C	6	43	Helsinki	C	0	32	Montrl†	F	−10	14	Strasbg	S	8	46
Bombay	C	33	91	H. Kong	C	17	63	Moscow	S	5	41	Sydney	F	26	79
Bordx	C	12	54	Innsbrk	F	11	52	Munich	S	6	43	Tangier	C	18	81
Boulgn	C	4	39	Invrnss	C	5	41	Nairobi	F	27	81	Tel Aviv	S	20	68
Bristol	R	4	39	I.o.Man	R	6	43	Naples	C	14	57	Tenerife	—	—	—
Brussels	R	5	41	Istanbul	S	8	46	Nassau	—	—	—	Tokyo	R	8	46
Budpst	F	11	52	Jersey	R	5	41	Nwcsle	R	4	39	T'r'nto†	F	−8	18
Cairo	F	24	75	Jo'burg	F	25	77	N. Delhi	S	28	82	Tunis	F	17	63
Cardiff	R	3	37	L. Pims	C	20	68	N. York†	F	0	32	Valencia	F	18	64
Cape T	C	22	72	Lisbon	F	15	59	Nice	R	9	48	Venice	C	8	46
Chicg†	F	−2	28	Locarno	R	3	37	Nicosia	S	18	64	Vienna	C	7	45
Cologne	S	13	55	London	C	7	45	Oporto	C	13	55	Warsaw	C	5	41
Cpnhgn	F	4	39	L. Ang†	C	12	54	Oslo	Sn	1	34	Zurich	C	1	34

C—Cloudy. D—Drizzle. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

Poland offered credit by Bonn

By Christopher Bobinski in Warsaw and David Buchan in London

WEST GERMANY yesterday became tha first Western government to offer Poland new trade credit, provided that the Warsaw Government formally signs an agreement rescheduling $12bn (£10bn) unpaid debt that fell due to Western governments in 1982-84.

Dr Martin Bangemann, tha West German economics minister, yesterday told a press conference during his two days of talks in Warsaw that the West German offer was an important signal to Poland's other creditors, and calls on them to follow suit. If they did so, he was sure that "Poland will certainly be able to manage its debt."

The West German offer is an important concession to Poland, which has not received any major new Western credit since 1981 wben it sought debt rescheduling and imposed martial law.

Ever since the 1983 lifting of martial law, Polish officials have been clamonring for fresb Western money on the grounds that they need it to meet even an extended debt repayment schedule.

The Western German minister yesterday described Poland's suggestion that Bonn lend Warsaw $450m this year as "impossible." Significantly, be refused to put any figure on wbat Bonn might offer. It is clear that it will be considerably less than what the Poles sought.

Assessing its Western creditors by their share of trade with Poland, Warsaw asked Bonn for the largest single amount, $450m this year and $500m next year. It requested loans from the UK of $240m this year and $250m in 1986.

Sir Geoffrey Howe, the Foreign Secretary, is to visit Warsaw next month, and it is possible that be might follow Dr Bangemann's lead in offering some unspecified sum.

At the same time, the West Germans are stressing that they support Poland's application to the International Monetary Fund, and Dr Bangemann said be would be taking the issue up "in Bonn and Washington."

It is also clear that the West German credits will in future be closely linked to small-scale investment projects aimed at boosting Poland's bard currency export potential.

Continued from Page 1

BT order

software changes needed to adapt AXE10 to work in the UK network.

The British Telecommunications Unions Committee—comprising BT's main unions—criticised the contract because of the possible loss of UK jobs. The commiltee also criticised the management of the UK telecommunications equipment companies for not going out to win orders and increase jobs.

AT & T would not say last night if the loss of the order would affect the decision on whether to build a microchip design centre in the UK. Earlier this year it had indicated it might eventualy build a microchip plant if APT won the order.

S. Africa

Continued from Page 1

and interviews with South African Ministers and prominent black and white opposition leaders and clergymen.

A shortened version of the debates bas heen shown by Sonth African television every night, giving local viewers an unprecedented insight into the kind of no-holds-barred debate never hefore seeo on the government-cootrolled TV and radio network.

Mr Chris Heunis, Minister for Constitutional Development, backed oot of his scheduled appearance in last night's programme amid government complaints that the programme was one-sided and gave a biased view of South Africa.

In the U.S., President Ronald Reagan and Mr George Sbultz, Secretary of State, added their volce to e storm of international protest over the Uitenhege shootings. Mr Chester Crocker, the Assistant U.S. Secretary of State, who was in Cape Town yesterday, called the violent events "a tragic reminder of what happens when tbere is no basis of consent betweeo those who govern and those who are governed." Mr Crocker was in South Africa for a new round of talks on the independence of Namibia.

During two days of talks with Mr Pik Botha, the South African Foreign Minister, Mr Crocker revealed details of a compromise plan pnt forward by the Angolan Government at recent talks in the Cape Verde Islands for e phased withdrawal of Cuban troops from Angola. Sonth Africa and the U.S. have linked the Namibian independence question to Cnban withdrawal.

Meanwhile, laboor unrest in the South African gold mines has added to the tension in the townships. Police yesterday used teargas to disperse protesting black gold miners at the Vaal Reefs gold mine near Klerksdorp

That nnrest is e symptom of a wider economic malaise. The government yesterday announced that the annual Inflation rate shot up to 16 per cent last mooth and further increases are in the pipeline following the 20 per cent increase in the general sales tax in this week's budget.

● Mr Denis Worrall, the Sooth African Ambassador to Britain, was yesterday told of the UK's condemnation of the Uitenhage violence. Mr Richerd Lnce, Foreign Office Minister, told Mr Worrall during a 20-minote meeting that Britain's attitude was "serious." Aftar the meeting, Mr Worrall said thet Mr Luce had "simply indicated the British Government's condemnation of the events."

THE LEX COLUMN

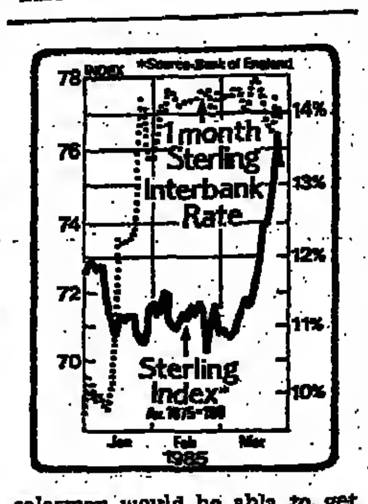
Just a touch of fiscal tedium

When the City talks about a dull Budget, it is not necessarily a complaint. Whatever enthusiasm there may be for tax reforms in theory—in theory, at least, the nnlikeliest people agree on sweeping changes in the tax system—there is in practice a decided preference for things staying put. Certainly the insurance industry bas not been remotely disappointed that the Chancellor chose not to tax pension funds.

If the Budget's dullness was satisfactory from that point of view, there was another old-fashioned strand in it which went down well with money-watchers in the gilt-edged market at least; despite tha predictable half-point cut in base rates which followed Mr Lawson's performance, the Budget seems to bave marked the start of an old-fashioned credit squeeze. Easy to understand as a response to the political battering Mr Lawson has taken since the pound cracked in January, a return to ostentatiously tight money will do no good for demand—and probably not much for the equity market.

It is also a bit odd in its timing, since the dollar bas at last run into serious selling, amid signals of rising U.S. inflation and slower growth. Whatever the point of 9 per cent real interest rates in the UK, they are not actually needed just now to defend sterling. Even for the purpose of curbing inflation, current rates do seem on the high side. If the clearing banks manage to take off another half point next week—which is about as mncb as anyone hopes for—that still leaves mortgage rates moving the other way, and directly affecting both the inflation rate and consumer spending.

Index fell 0.7 to 992.4



Gerrard/Capel

The proposed gilt-edged collaboration between James Capel and Gerrard and National was mystifying from the start, so there is correspondingly little surprise that the venture has been called off—before the new market in gilt-edged had even come into being. Although there was some attraction in putting Gerrard's market-making skills together with Capel's ability to distribute stock among retail clients, the way the partnership was meant to work never seemed too convincing to outsiders; reported ldeas that the broker's gilt-salesmen would be abla to get fine prices rom other market makers evoked hollow laughter from one-parent competitors.

Gerrard has also realised that without a definite need to operate its new gilts department in separate premises, its need for outside capital—and a broking partnar—would be less. And if the Bank of England is going to trade all maturities of fixed interest paper in the same dealing room, Gerrard might well wish to do the same; sharing the secrets of its bill book with Capel—ae would inevitably then happen—was presumably not on.

Gerrard's rising sbare price also casts an interesting light on the broken engagement. Over a period wben rising interest rates have made life hard for discount houses, Gerrard has looked suspiciously strong. Up 15p on yesterday's news to 375p, Gerrard's shares have risen 30p in the last week. Though it may bave no intention of being taken over—and is eminently capable of self-defence—the market will not be persuaded that Gerrard has no other deal up its sleeve.

Turner & Newall

Once a blue-chip component of the FT-30 Share Index, then bombed-out, and finally a recovery stock, Turner and Newall shares are now starting to lose their sense of identity. A 64 per cent rise in pre-tax profits to £20.5m evidently did not qualify as recovery enough yesterday—the shares treated the news with nothing sbort of disdain, falling 6p to 106p.

Even Sir Francis Tombs must be wondering wben to cash in his enviably lucrative options—for it is hard to see how much further the company can recover from here. True, there is still room for cost-cutting with UK margins under 7 per cent. But the asbestos-related disease claims which took £10.7m out of profits in 1984 are not going to go away; the company grimly compares them with royalty fees. And in the longer term, T and N's markets are bardly dynamic, so the only obvious way it can grow is by acquisition.

From this point of view, the reduction in gearing to just over 20 per cent is encouraging. But T and N will have to work even harder to lift its share price if it wants to finance with paper. Yesterday the shares were only just over their £1 par price, end assuming £27m for the year, they stand on a prospective p/e of just 6½.

Snakes and ladders

For all its recovery, Turner and Newall's market capitalisation is just £2.5m higher than in 1963. Not many companies have managed to stand that still without actually going bust. Jndging by a league table proudly prepared by the Stock Exchange that year "by means of the punched card system operated by the electronic machinery in the Settlement Department," the solid top-drawer stalwarts are now worth about ten time more than they were then—at least in 1985 money.

Today's list is not just higher tech; it portrays a telling picture of how the British economy has changed. Some companies have been both nationalised and privatised. Others, like the Mirror Group, have been taken over twice and all but floated off again in between. Out go Woolworths, Distillers and Courtaulds from the upper reaches—in come BTR, Hanson Trust and Glaxo, GKN and Metal Box are hardly to be found in the new list, while Midland Bank has slipped from 17th to an inglorious 56th.

It is the growth by acquisition that is most startling. There is GEC in 1963, dwarfed by AEI and English Electric and only slightly larger than Elliott Automation; all companies that it was later to buy. But if Hanson and BTR are proud of coming up from nowhere, they might do well to look at the 1973 list, which was just as rich in industrial holding companies. Where are they now?